

The Global Newspaper  
Edited and  
Published in Paris  
Printed simultaneously  
in Paris, London, Zurich,  
Hong Kong, Singapore,  
The Hague, Marseille, Miami.

# HERALD INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

No. 32,343

8/87

PARIS, WEDNESDAY, FEBRUARY 18, 1987

ESTABLISHED 1887

## Amal to Lift Siege Of Camps in Beirut

DAMASCUS — Lebanon's Shiite Muslim leader, Nabih Berri, said Tuesday that he had ordered his Amal militia to lift its four-month siege of Palestinian refugee camps in Beirut beginning Wednesday.

Mr. Berri said at a news conference here that he had ordered the Amal political leadership and military command to "take the necessary measures to implement this decision."

He said he had made the decision "hoping that the Palestinians will in turn lift the siege of south Lebanon and withdraw from positions they occupied east of Sidon."

He made only a passing reference to the beleaguered Rashidiyah camp in south Lebanon, where Amal reimposed a blockade Tuesday after a one-day respite.

Mr. Berri said he had instructed his aides that measures for lifting the siege of the Beirut camps "should be in line with the steps taken in Rashidiyah camp."

This was an apparent reference to the Amal decision to open Rashidiyah for five hours a day beginning Sunday.

Amal sources in southern Lebanon, however, said they had reimposed a blockade of the camp after about 10 guerrillas creeping out of it under cover of darkness.

Mr. Berri said the lifting of the siege at the Beirut camps meant full freedom of movement in and out, and free entry of food and medical supplies.

Thousands of refugees in the Burj al-Brajneh and Chaltia camps in southern Beirut have faced starvation during the blockade.

Mr. Berri said his decision was in response to the positive attitude of Damascus-based guerrilla groups that had endorsed Iranian and Syrian peace initiatives.

His reference to a Palestinian siege in southern Lebanon apparently concerned fighting between Amal and Palestinian guerrillas loyal to the chairman of the Palestine Liberation Organization, Yasser Arafat, for control of the village of Maghdoush, which commands the coastal highway from Beirut to the south.

"When the Palestinian withdrawal is completed, both sides will sit down for talks on future Lebanese-Palestinian relations," he said.

Amal has accused Mr. Arafat of seeking to rebuild his power base in Lebanon. The PLO chairman, who was driven from Lebanon by the 1982 Israeli invasion, has accused Syrian-backed groups of trying to force Palestinians from the country.

Heavy fighting between Shiite Muslims and leftist pariahs West Beirut on Tuesday, forcing a Syrian-backed security force to withdraw from the streets.

Witnesses said leftist and Shiite Amal militiamen battled back and forth from the seacoast to suburbs close the Green Line, which divides the city.

The two sides fought with mortars, anti-tank grenades and heavy machine guns, despite several cease-fire appeals broadcast by local radio.



Nabih Berri announcing the order to end the siege.

Initial reports said at least 17 people had been killed and 70 had been injured since fighting broke out Monday night.

It was heaviest fighting in Beirut's Muslim sector since Syrian commandos and observers were deployed there in July 1986 to help Lebanese security forces re-establish control.

Amal issued a statement accusing the Druze-led Progressive Socialist Party of joining the battle on the side of Lebanon's pro-Soviet Communist Party.

Beirut's Muslim and leftist militias are loosely allied against Christian rightist forces in East Beirut but are deeply divided along religious and political lines.

The fighting was apparently prompted by an Amal-Communist feud over the opening of a new Amal office in the Sanayeh district.

## Vietnam Widens Shake-Up

### Shift in Cabinet Follows Criticism Of the Economy

By Barbara Crossette

New York Times Service

CHIANG MAI, Thailand — Vietnam began a major reorganization of its government on Tuesday, replacing the interior and defense ministers along with at least a dozen other high officials, according to the official radio, the Voice of Vietnam.

Several government departments, particularly in economic affairs, have been restructured, according to the announcement, and a new Information Ministry has been created.

Among the new appointments, Foreign Minister Nguyen Co Thach has taken on the additional title of a deputy prime minister.

General Le Duc Anh, who was recently the commander of Hanoi's forces in Cambodia, becomes defense minister, replacing General Van Tien Dung, who was credited with building the Ho Chi Minh Trail through Laos and Cambodia in the 1960s to supply Hanoi's troops in the war against the United States.

General Dung was later the strategist of the final assault on South Vietnam in the mid-1970s, and of the Vietnamese invasion of Cambodia in 1978.

The changes announced Tuesday come two months after a shake-up in the ruling Communist hierarchy during the Sixth Party Congress in mid-December.

That shake-up followed a long campaign of criticism in which party leaders and government bureaucrats were excoriated for inefficiency, corruption and other failures that had brought the country to the brink of economic disaster. Vietnamese leaders also took blame for wasting large amounts of aid from Moscow, which is Hanoi's major benefactor.

A government reorganization had been expected to follow the party changes in December. Most analysts in the West, including Vietnamese in exile, have suggested that changes were delayed by differences of opinion if not by a power struggle within the Communist leadership over how to proceed with economic change and political reorganization.

Mai Chi Tho, a former mayor of Ho Chi Minh City, becomes minister of the Interior, replacing General Dung.

The debate over Soviet intentions has intensified in Europe recently as the Reagan administration has become absorbed in the Iranian arms controversy, leaving Mr. Gorbachev more room for initiative on the international stage.

Mr. Gorbachev's remarks on Monday received prominent attention in many European newspapers and were widely commented on by government officials.

The setting for Mr. Gorbachev's speech, at a Moscow forum on nuclear disarmament attended by scientists, businessmen, doctors, writers and performing artists, inspired skepticism from Europeans who doubt the Soviet leader's sincerity.

The French secretary of state for human rights, Claude Malhuret, called on Western governments and citizens to be careful of what he called the Soviet Union's "offensive of seduction on the human rights theme."

"One can only be glad at the liberation of dissidents" and those who have been refused exit visas, he said in a statement. "But one cannot forget that these liberations remain just as arbitrary as were the arrests, in a system that does not respect rule by law."

The French foreign minister, Jean-Bernard Raimond, in a television interview, questioned whether Mr. Gorbachev and his aides could accomplish reforms without shaking the Communist system. He called on the West to maintain a "double vigilance," watching what happened in Moscow but avoiding "illusions" that could lead to unwelcome concessions.

In his address, Mr. Gorbachev said he was quitting the post in recognition of demands from the Reagan administration that he either resign or share more power with the two other leaders of the movement.

The two, Arturo Jose Cruz and Alfonso Robelo Callegas, who are regarded as more politically liberal, have been threatening to resign for several weeks, charging that Mr. Calero has usurped much of their authority.

Mr. Cruz and Mr. Robelo, both former Sandinista government officials, have criticized Mr. Calero's CIA-trained faction as lacking a democratic base. Other critics say it is under command of former officers of the Nicaraguan National Guard.

The two men were still threatening to resign.

See CONTRA, Page 6



Mikhail S. Gorbachev, the Soviet leader, with residents of the Latvian republic on Tuesday, as he began a tour of the Baltic region to promote his new economic policies.

## NATO Allies Welcome Tone of Speech By Gorbachev, See No Breakthrough

By Edward Cody

Washington Post Service

PARIS — The West European allies welcomed the tone of the speech Monday by the Soviet leader, Mikhail S. Gorbachev, but cautioned Tuesday against seeing in his words a breakthrough in human rights or East-West relations.

The cautious reactions followed the lines of a continuing debate in Western Europe between those who advocate taking the Soviet leader at his word and giving him a chance to live up to it, and those who contend that Mr. Gorbachev's push for liberalization and improved relations is a propaganda exercise intended to fool the West.

In his speech to an international disarmament forum in Moscow, Mr. Gorbachev said that his country was seeking a period of international stability that would allow it to concentrate on domestic concerns.

The debate over Soviet intentions has intensified in Europe recently as the Reagan administration has become absorbed in the Iranian arms controversy, leaving Mr. Gorbachev more room for initiative on the international stage.

Mr. Gorbachev's remarks on Monday received prominent attention in many European newspapers and were widely commented on by government officials.

The setting for Mr. Gorbachev's speech, at a Moscow forum on nuclear disarmament attended by scientists, businessmen, doctors, writers and performing artists, inspired skepticism from Europeans who doubt the Soviet leader's sincerity.

The French secretary of state for human rights, Claude Malhuret, called on Western governments and citizens to be careful of what he called the Soviet Union's "offensive of seduction on the human rights theme."

"One can only be glad at the liberation of dissidents" and those who have been refused exit visas, he said in a statement. "But one cannot forget that these liberations remain just as arbitrary as were the arrests, in a system that does not respect rule by law."

The French foreign minister, Jean-Bernard Raimond, in a television interview, questioned whether Mr. Gorbachev and his aides could accomplish reforms without shaking the Communist system. He called on the West to maintain a "double vigilance," watching what happened in Moscow but avoiding "illusions" that could lead to unwelcome concessions.

In his address, Mr. Gorbachev said he was quitting the post in recognition of demands from the Reagan administration that he either resign or share more power with the two other leaders of the movement.

The two, Arturo Jose Cruz and Alfonso Robelo Callegas, who are regarded as more politically liberal, have been threatening to resign for several weeks, charging that Mr. Calero has usurped much of their authority.

Mr. Cruz and Mr. Robelo, both former Sandinista government officials, have criticized Mr. Calero's CIA-trained faction as lacking a democratic base. Other critics say it is under command of former officers of the Nicaraguan National Guard.

The two men were still threatening to resign.

See CONTRA, Page 6

spoke of a "new approach to humanitarian problems" that he said arose from "new political thought" in the Soviet Union. He told those at the forum that they were in Moscow at a time of "transformations of considerable significance for our society, for socialism and for the entire world."

He repeated Soviet desires to see nuclear weapons eliminated by the year 2000 on Earth and banned now from space. He also reiterated Soviet objections to U.S. underground testing and American positions on President Ronald Reagan's Strategic Defense Initiative, calling them obstacles to new arms agreements.

The West German government spokesman, Friedhelm Osi, said Monday that Mr. Gorbachev's speech contained "no new initiative" on arms control. The West German defense minister, Manfred Wörner, called on the Soviet leader to back up his words with concrete steps in negotiations, scheduled to be held in Vienna, on conventional forces in Europe. Informal talks began Tuesday in Vienna.

In an interview in the newspaper Die Welt, scheduled for publication Wednesday, Mr. Wörner said that the Soviet attitude in the talks was "not encouraging."

See SOVIET, Page 6

Mr. Gorbachev also said that Dr. Anatoli Koryagin, a Soviet psychiatrist jailed in 1981, is still in prison in Kiev, contradicting a Soviet physician who said Sunday at an international forum on disarmament here that Mr. Koryagin also had been freed.

A Supreme Soviet decree was passed on Friday to free Mr. Koryagin, Mr. Gerasimov said Tuesday, adding that this meant he would be freed, "today or tomorrow."

Mr. Gerasimov emphasized that the procedure for an official pardon was complex, requiring the approval of local officials, prison authorities and the Supreme Soviet, the Soviet Union's highest legislative body.

"I should like to indicate that there is a special procedure," he added. "You can't do it just like that."

Last week, he said that Mr. Begun was excluded from a list of pardoned political prisoners because he had refused to sign an agreement to refrain from anti-Soviet activities.

But in a U.S. television interview on Sunday, George A. Arbatov, the Soviet official who is director of the Institute for U.S. and Canadian Studies, said of Mr. Begun: "He's free now. I can tell you, it's already done."

On Tuesday, a spokesman for Mr. Arbatov said that he was too busy to respond to questions about the Begun case.

"I don't know what has been said by Mr. Arbatov on his television program," Mr. Gerasimov said, later adding, "I'm not my brother's keeper."

Mr. Begun's son Boris said Tuesday that he planned to begin a hunger strike if his father was not released. Boris Begun, 22, is to begin a 15-day jail term on Wednesday for his involvement in public demonstrations staged last week on his father's behalf.

Several Western correspondents and Jewish demonstrators were kicked, beaten and detained during the protests, which attracted widespread attention to Mr. Begun's case.

Mr. Koryagin, 48, was sentenced to seven years in prison in 1981 after he was charged with smuggling to the West reports on the use of Soviet mental hospitals to punish political and religious dissidents.

Mr. Gerasimov said Tuesday that the number of prisoners freed had increased from 140 to 150 since last week, when he first announced the mass release of political prisoners.

"The review of cases is continuing," he said, and up to 150 additional prisoners may be freed. He refused to make public the list of those released.

Mr. Gerasimov said later that those freed included Alexander Ogorodnikov, 36, a Russian Orthodox religious leader who is serving a second term in a labor camp for anti-Soviet activity. The Associated Press reported from Moscow.

Andrei D. Sakharov, the physicist and dissident, said in an interview Tuesday that he knew of only "about 60" prisoners released.

"That's all as far as I know," said Mr. Sakharov, who is keeping his own count of released prisoners.

See CONTRA, Page 6

See BING, Page 6

## Soviet Jew Still in Custody

### Official Says Begun's Case Is Being Reviewed

By Gary Lee

Washington Post Service

MOSCOW — The Soviet Union said Tuesday that the government was still reviewing a request to release Josef Z. Begun from prison despite an announcement by a leading Soviet official on Sunday that the Jewish activist was "free now."

Mr. Begun, a mathematician, was sentenced in 1983 to seven years in a labor camp and five years of internal exile on charges of anti-Soviet slander. His case "is being considered and most likely will be decided in a positive way," Genadi I. Gerasimov, the Foreign Ministry spokesman, said on Tuesday.

Mr. Gerasimov also said that Dr. Anatoli Koryagin, a Soviet psychiatrist jailed in 1981, is still in prison in Kiev, contradicting a Soviet physician who said Sunday at an international forum on disarmament here that Mr. Koryagin also had been freed.

A Supreme Soviet decree was passed on Friday to free Mr. Koryagin, Mr. Gerasimov said Tuesday, adding that this meant he would be freed, "today or tomorrow."

Mr. Gerasimov emphasized that the procedure for an official pardon was complex, requiring the approval of local officials, prison authorities and the Supreme Soviet, the Soviet Union's highest legislative body.

"I should like to indicate that there is a special procedure," he added. "You can't do it just like that."

Last week, he said that Mr. Begun was excluded from a list of pardoned political prisoners because he had refused to sign an agreement to refrain from anti-Soviet activities.

But in a U.S. television interview on Sunday, George A. Arbatov, the Soviet official who is director of the Institute for U.S. and Canadian Studies, said of Mr. Begun: "He's free now. I can tell you, it's already done."

On Tuesday, a spokesman for Mr. Arbatov said that he was too busy to respond to questions about the Begun case.

"I don't know what has been said by Mr. Arbatov on his television program," Mr. Gerasimov said, later adding, "I'm not my brother's keeper."

Mr. Begun's son Boris said Tuesday that he planned to begin a hunger strike if his father was not released. Boris Begun, 22, is to begin a 15-day jail term on Wednesday for his involvement in public demonstrations staged last week on his father's behalf.

Several Western correspondents and Jewish demonstrators were kicked, beaten and detained during the protests, which attracted widespread attention to Mr. Begun's case.

Mr. Koryagin, 48, was sentenced to seven years in prison in 1981 after he was charged with smuggling to the West reports on the use of Soviet mental hospitals to punish political and religious dissidents.

Mr. Gerasimov said Tuesday that the number of prisoners freed had increased from 140 to 150 since last week, when he first announced the mass release of political prisoners.

"The review of cases is continuing," he said, and up to 150 additional prisoners may be freed. He refused to make public the list of those released.

Mr. Gerasimov said later that those freed included Alexander Ogorodnikov, 36, a Russian Orthodox religious leader who is serving a second term in a labor camp for anti-Soviet activity. The Associated Press reported from Moscow.

Andrei D. Sakharov, the physicist and dissident, said in an interview Tuesday that he knew of only "about 60" prisoners released.

"That's all as far as I know," said Mr. Sakharov, who is keeping his own count of released prisoners.

See CONTRA, Page 6

See BING, Page 6

### LATE NEWS

#### Dow Average Sets 2 Records

NEW YORK — The Dow Jones industrial average scored a record one-day point gain of 54.14 points on Tuesday to reach an all-time high of 2,237.49.

The previous record single-day gain was Jan. 22, when the blue chip average soared 51.6. Since the beginning of the year, the Dow has risen almost 342 points. Traders said arbitrage-related buy programs, short covering and enthusiastic institutional buying propelled the market on Tuesday. Page 9.

### INSIDE TODAY



In "L'Elisir d'Amore," Luciano Pavarotti's part suits him in every way. David Stevens reviews the opera. Page 8.

### GENERAL NEWS

■ The Soviet Union said it would allow inspection of some chemical weapons. Page 6.

### BUSINESS/FINANCE

■ Ford's 1986 profit surpassed GM's for the first time in more than 60 years. Page 11.

### SPORTS

■ Don Mattingly of the New York Yankees was awarded a record \$1.975 million in baseball salary arbitration. Page 19.

### Reykjavik: Looking At a Bizarre Summit

The hasty drafting of a sweeping U.S. proposal to abolish all ballistic missiles within 10 years — an idea that floundered over American insistence to keep up SDI experimentation — constituted a surprising episode in an unusual meeting between Ronald Reagan and Mikhail S. Gorbachev.

Don Oberdorfer, diplomatic correspondent for The Washington Post, has pieced together details of the Reykjavik meeting that show the spontaneous, personal nature of the talks — "one of the most controversial, and most bizarre, negotiations between powerful heads of state in modern times." Page 8.

## U.S. Is Warned It Faces An Inevitable Oil Crisis

By Robert D. Hershey Jr.

New York Times Service

NEW YORK — The United States is almost inevitably headed toward oil shortages that could be as disruptive as those of the 1970s, according to urgent warnings by government policy makers and other analysts.

After nearly a year of wild fluctuations in which the price of oil was cut roughly in half, the OPEC countries now seem to be maintaining a price of about \$18 a barrel.

But while this price, which is almost double the lows of last summer, has the unofficial blessing of the Reagan administration and some major oil companies, it is generally regarded as insufficient to prevent further sharp declines in domestic production.

As a result, many specialists say, U.S. dependence on foreign oil could soar to new peaks by 1990 and could reach a dangerous 60 percent by 1995. That, in turn, implies renewed control of the oil market by the Organization of Petroleum Exporting Countries.

The latest, and perhaps strongest, warning came last week from Interior Secretary Donald P. Hodel, formerly the secretary of energy.

"People will be sitting in gas lines" again, he predicted, "anytime within the next two to five years."

With OPEC back "in the driver's seat," he said, the organization will have restored its ability to use oil for political ends, such as the 1973-74 embargo by its Arab members.

He said he had been told by a Middle Eastern source that, if it had not been for the glutted market, such a cutoff would have been imposed after U.S. air strikes against Libya last April.

A world price of \$18 a barrel, equivalent to about \$19.50 for the benchmark U.S. grade, West Texas intermediate crude, is considered a "survival" level for most larger companies. But analysts agree that it gives the United States almost no chance of halting what government figures published last month show was an unexpectedly sharp drop in oil production in 1986.

When combined with rising consumption, this lag in domestic output points to dangerously high levels of imports, with adverse implications for national security, foreign policy, the trade balance and the economy.

"We are today sowing the seeds of the next energy crisis," James R. Schlesinger, a former secretary of energy and secretary of defense, told Congress recently.

The same falling oil price that provides consumer benefits and provides a macroeconomic stimulus while easing inflation and interest rates also implies serious problems for domestic oil supply and national security.

The United States has taken steps in the past decade to reduce the impact of supply disruptions, including the building of a strategic stockpile of more than 510 million barrels.

But about two-thirds of the world's reserves not controlled by communist countries are in the politically volatile Gulf. There, the oil is so easy to recover that the nations that control it can undersell and drive from the market virtually any competitor.

At the same time, the industrialized countries account for two-thirds of the world's oil demand.

See OIL, Page 15

See OIL, Page 15

See OIL, Page 15

See OIL, Page 15

## Bing's New Wife: Family Details Her Troubled Past

By Karylyn Barker

and Desson Howe

Washington Post Service

WASHINGTON — When the sizzling opera impresario Sir Rudolf Bing disappeared earlier this month and turned up on a Caribbean island with his new wife, many of his friends branded her a fortune hunter who had duped an 85-year-old sufferer of Alzheimer's disease.

The real story appears stranger. Her family and others describe her as a woman of puzzling behavior whose passion for helicopters broke up a previous marriage and whose own estate, according to documents filed in court, was taken over by siblings in 1982 after she developed "a romantic and unreasonable fixation" on the pope.

Carroll Lee Douglass, 47, who married the former Metropolitan Opera manager last month, once hoped to be the pope's official helicopter pilot, according to the petition seeking conservatorship filed by her brother and sister. But her brother says now that she appears to have given all that up and is in much better control of herself since her marriage to Sir Rudolf.

"She knows precisely what she's doing," said John S. Douglass, a professor at American University's School of Communication. "I think the romance might be a factor. Now she has someone to love and who needs her. He added, 'I met the guy and he seems like a nice guy.'"

Mr. Douglass, who said he has not talked to his sister since shortly after the wedding, challenged press accounts that suggest she is a mysterious femme fatale who is running through Sir Rudolf's \$1 million estate. A court in New York froze his assets in January.

"This portrayal of Carroll going after the old guy's money, it's not true," Mr. Douglass said. "She's not destitute."

In 1982, Mr. Douglass and his sister Diane, both of Washington, successfully petitioned the Washington Superior Court to be appointed conservators of their sister's estate, now valued at more than \$250,000. All three Douglasses share ownership of an apartment building in Washington.

fore their marriage, had written about \$30,000 in checks to her.

Attorneys for Sir Rudolf, who was widowed in 1983, have been demanding his return to New York.

On her application to marry Sir Rudolf, Miss Douglass described the marriage as her first. But according to her brother and a former husband, she had been married twice before.

Her first husband was the late Jack Glenn, a movie producer and a director of the "March of Time" documentaries. He was 65 when he



Adolfo Calero Portocarrera after his resignation.

## Nicaraguan Rebel Split Leaves Movement Adrift

By Joanne Omang

Washington Post Service

MIAMI — The split in the Nicaraguan rebel movement that resulted in the resignation Monday of its most powerful leader has left the guerrillas rudderless just when they desperately need to show unity and progress toward their military goals, according to rebel officials and other observers.

The resignation of Adolfo Calero Portocarrera from the guerrillas' three-man directorate comes as the U.S. Congress is being asked to release the final \$40 million of this year's \$100-million aid package for the rebels.

Mr. Calero acknowledged that his departure from the alliance's leadership represented a crisis for the contras, as the rebels are known.

He said he was quitting the post in recognition of demands from the Reagan administration that he either resign or share more power with the two other leaders of the movement.

The two, Arturo Jose Cruz and Alfonso Robelo Callegas, who are regarded as more politically liberal, have been threatening to resign for several weeks, charging that Mr. Calero has usurped much of their authority.

Mr. Cruz and Mr. Robelo, both former Sandinista government officials, have criticized Mr. Calero's CIA-trained faction as lacking a democratic base. Other critics say it is under command of former officers of the Nicaraguan National Guard.

The two men were still threatening to resign.

See CONTRA, Page 6

See BING, Page 6

See BING, Page 6

See BING, Page 6

See BING, Page 6

See BING, Page 6

See BING, Page 6

## Iran Expels Bonn Aides Over Satire

United Press International

BONN — Iran has expelled two West German diplomats to protest a West German TV satire showing a crowd bombing Ayatollah Ruhollah Khomeini with women's underwear. Bonn said Tuesday.

Jürgen Chrobog, a Foreign Ministry spokesman,



# Bitter Dispute Takes Hungarian Writers, Party by Surprise

By Henry Kamm  
New York Times Service

BUDAPEST — The Hungarian Communist leadership is embroiled in an angry dispute with a majority of the country's writers that has left both sides puzzled about how to restore their long-standing, mutually tolerant relationship.

The dispute centers on what the writers consider interference in their association and party pressure on writers who are critical of the government. At the same time, Hungarian party officials show signs of embarrassment over what appears to be an anachronistic conflict at a time when the Soviet leadership of Mikhail S. Gorbachev is assumed to have given a green light for some intellectual liberalization throughout the Communist bloc.

In an unusual confrontation in a country that has developed exceptional skill in quiet compromises over intellectual freedom, the Writers' Union, at its convention in

November, rejected overt party pressure to suppress critical voices among the union's 600 writers.

By majority vote, the writers then struck the names of party favorites from the list of candidates for their board of directors and elected a middle-of-the-road, nonparty leadership.

In response, 27 writers and editors faithful to the party line resigned from the union. The action, which reversed the custom in Communist countries of dismissing critics from bodies that are usually controlled by the party, has angered the party leadership.

On the exceptionally talkative and gossipy intellectual scene of Budapest, the dispute has also become a prime subject of conversation. "One of two of them still write," a senior party official said sarcastically. "But the rest of them are arguing."

The party's impatience with the writers mounted throughout last year over a range of issues. One accusatory theme by the

writers is that the leadership of Janos Kadar is not doing anything to ease the plight of the more than two million ethnic Hungarians living in neighboring Communist countries.

The belief is widespread among Hungarians that their compatriots, whom two lost wars in this century have placed outside Hungary's borders, are discriminated against, particularly in Romania, where most live.

Individual writers have also voiced pessimism over what they consider a general decline of the nation. They cite observations of researchers that indicate declining rates of life expectancy among adults and rising rates of alcoholism, suicide and other indicators of psychological depression.

Some Hungarians say that they believe such ills are a consequence of their country's experiment in opening opportunities for the private sector in the largely state-controlled economy. They say that heightened prosperity has been achieved at the

cost of huge extra work by many who hold state and private jobs and of excessive striving for private wealth.

"We used to have a lot of equality and little freedom," a Communist writer said to an acquaintance. "Now we have much more freedom but much less equality."

In the months before the writers' convention, individual incidents aroused party anger, which was reported to have reached up to Mr. Kadar. A provincial literary magazine printed a poem in which the first letters of the lines spelled the name of Imre Nagy, prime minister after the 1956 uprising, who was executed under Mr. Kadar's government.

The work of a successful author and playwright, Istvan Csicsvari, was banned after a critical lecture that he had given in the United States was reported on Radio Free Europe broadcasts beamed here.

Shortly before the writers' convention, the 30th anniversary of the uprising occasioned several opposition protest actions

that further angered the party. A high-ranking cultural official, Lenart Pal, accused the union of wanting to become an opposition body. Before the convention, Communist party members in the union, who number about 120, were instructed to see to it that a compliant leadership was elected, according to a member.

The party secretary for agitation and propaganda, Janos Berecz, acting according to general belief, on behalf of Mr. Kadar, opened the convention with what many writers considered a menacing speech. Several members responded by rejecting the threats and asking the party to recognize democratic practices in intellectual life.

The vote and the Communist walkout followed.

While a search to resolve the conflict continues, the government has taken the unusual step of formally declaring that the union is no longer the recognized representative of Hungary's authors.

## WORLD BRIEFS

### Spain to Eliminate High School Fees

MADRID (UPI) — The Education Ministry, beginning a new round of talks with student leaders, announced Tuesday the abolition of public high school fees and the waiving of similar charges for many university students.

Education Minister José María Maravall announced the measures at a news conference coinciding with the new round of talks between student leaders and his ministry over changes in the education system that had prompted two months of protest.

Mr. Maravall said yearly fees of about \$14 at state-run high schools would be eliminated. He also said college students from families with monthly incomes of less than \$1,070 would be exempt from paying annual fees of about \$284 at Spain's 30 state universities.

### Sweden Delays Soviet Show on Palme

STOCKHOLM (AP) — Swedish national television has rescheduled a Soviet drama-documentary about the slaying of Prime Minister Olof Palme after objections from the U.S. Embassy and Mr. Palme's brother. The 50-minute film "Who Killed Olof Palme?" was to have been shown Feb. 27, on the eve of the anniversary of Mr. Palme's assassination. U.S. Embassy representatives visited the television company last week and expressed concern about the film, which raises speculation that the U.S. Central Intelligence Agency was involved in the murder. Claes Palme, the prime minister's brother, called for the program to be canceled, the Aftonbladet newspaper reported. "It is disgraceful to make a film about a murder that has not been cleared up," he was quoted as saying.

### American on Berlin Wall Is on Trial

BERLIN (AP) — John Runnings, 69, an American who has demonstrated repeatedly against the Berlin Wall to protest its existence, is on trial in East Berlin for violating the East German border, a spokeswoman for the U.S. Embassy said Tuesday. The spokeswoman said in a telephone interview that Mr. Runnings, of Seattle, was put on trial Monday. Under East German law, a routine border violation is punishable by up to two years in prison, while an "aggravated" case is punishable by up to eight years. It was not known whether Mr. Runnings had been charged with an aggravated violation. He was arrested Nov. 18 by East German guards after he scaled the wall with a ladder on the Western side and pounded it with a hammer. It was the third time since midsummer that he had been removed from the wall. His other protests included walks stop it.

### Lehman Formally Quits U.S. Navy Job

WASHINGTON (AP) — Navy Secretary John F. Lehman Jr. made formal his resignation on Tuesday, and Pentagon sources said that James H. Webb Jr., a highly decorated Vietnam veteran who is also best-selling author, had been selected to replace him. Mr. Webb, currently the assistant defense secretary for reserve affairs, declined to discuss his plans. But officials, speaking on condition they not be named, said that Defense Secretary Casper W. Weinberger had prevailed upon him to cancel his retirement plans and replace Mr. Lehman. The White House refused to confirm or deny that Mr. Webb would replace Mr. Lehman. Mr. Webb, 40, announced on Feb. 2 that he was resigning to resume his career as a novelist. He has written several best-selling books, including "Fields of Fire," a novel about ground combat in the Vietnamese conflict.

### U.S. Complains Czechs Detain Activists

VIENNA (Reuters) — A dispute broke out at an international conference here Tuesday over the Czechoslovak police preventing a meeting between human rights activists and U.S. congressmen in Prague, Western delegates reported. They said the U.S. ambassador, Sam Wise, called on the Czechoslovak delegation at a closed session of the Conference on Security and Cooperation in Europe for an explanation of "this deplorable and incomprehensible situation."

He was referring to the detention Tuesday morning by Czechoslovak police of three members of the Charter 77 rights group: Vaclav Havel, a playwright; Petr Uhl, an economist; and Jiri Dienstbier, a journalist. They were leaving their homes to meet a U.S. delegation to the Vienna conference headed by Representative Steny A. Hoyer, Democrat of Maryland. The delegation described the action as "directly contrary" to assurances that U.S. delegates would be allowed to meet rights activists in Czechoslovakia.

He was referring to the detention Tuesday morning by Czechoslovak police of three members of the Charter 77 rights group: Vaclav Havel, a playwright; Petr Uhl, an economist; and Jiri Dienstbier, a journalist. They were leaving their homes to meet a U.S. delegation to the Vienna conference headed by Representative Steny A. Hoyer, Democrat of Maryland. The delegation described the action as "directly contrary" to assurances that U.S. delegates would be allowed to meet rights activists in Czechoslovakia.

He was referring to the detention Tuesday morning by Czechoslovak police of three members of the Charter 77 rights group: Vaclav Havel, a playwright; Petr Uhl, an economist; and Jiri Dienstbier, a journalist. They were leaving their homes to meet a U.S. delegation to the Vienna conference headed by Representative Steny A. Hoyer, Democrat of Maryland. The delegation described the action as "directly contrary" to assurances that U.S. delegates would be allowed to meet rights activists in Czechoslovakia.

### Gates Says He Avoided Contra Subject

WASHINGTON (AP) — Robert M. Gates, President Ronald Reagan's nominee to head the Central Intelligence Agency, testified Tuesday at his confirmation hearings that he had heard only "faint speculation" about the diversion of profits from the Iranian arms sales to Nicaraguan guerrillas before the matter became public in November.

Mr. Gates, 43, said that during a lunch with Lieutenant Colonel Oliver L. North, the principal White House figure in both the arms sale and the diversion, Colonel North made a "cryptic remark about Swiss accounts and the Contras," or Nicaraguan rebels, but he did not pursue the comment, he said.

"First, I did not really understand what he was talking about," Mr. Gates said. "Second, I did not want to pursue the question of private funding for the Contras, not because I suspected a problem, but because of our overall concern not to cross the legal limits on us vis-a-vis the Contras and their private benefactors."

### For the Record

The execution of six Iraqis for corruption has been approved by President Saddam Hussein, the Baghdad press said Tuesday. They were convicted of receiving bribes from foreign companies for information to help with contracts. They include a former Baghdad mayor, Abdul Wahab Mohammed Latif al-Murfi. (AP)

Italians will be asked to ratify their new constitution on March 29, the National Government Council announced Tuesday. (AP)

## Secondhand Trade

A Boom Market for Used Clothing From U.S. in Sub-Saharan Africa

By James Brooke  
New York Times Service

KINSHASA, Zaire — The latest garments for sale at the marketplace in Kinshasa are unveiled by a saleswoman brandishing a sharp knife. She cuts open a 100-pound (45-kilogram) bale, and as a crowd of customers surges forward, old spill used pastel polo shirts, khaki short-sleeved shirts and cotton pants.

It is the end of the line for last summer's New York resort wear, clothes that have been cast out in the United States.

"A guy makes \$200 a year, how can he afford new clothes?" Edward Stubin, a used clothing exporter from Brooklyn, New York, said, smiling at the scene.

Mr. Stubin is part of a booming trade in used clothes from the United States and Western Europe to the Third World. By some estimates, one-third of the 470 million people in the sub-Saharan region of Africa are wearing cast-off European and American clothing. Imported used items sell for as little as 50 cents for a shirt and 75 cents for a pair of pants.

Although criticized as demeaning by some nationalists, the trade is largely unchecked throughout the region. The only major country to ban used clothing imports is Nigeria, one of the region's wealthiest nations. The trade cuts across ideological lines. One of Mr. Stubin's most recent shipments went to Angola, a nation with a Marxist government.

In 1986, used clothing was Zaire's fifth-largest import from the United States, after wheat, mining machinery, transportation equipment and parts. Zaire imported

almost \$7.4 million worth of used clothing — roughly the equivalent of one million 100-pound bales.

Last year, local textile manufacturers spread a rumor that imported clothing was infected with the deadly AIDS virus. The notion that acquired immune deficiency syndrome can be spread in such a way has been rejected and the rumor had no effect on business, traders say.

"The buying power of the African is so low that it's the only way people get clothes," said Mustafa Rawji, the president of Beteleco, one of the leading importers here.

Mr. Stubin, the president of Trans-Americas FSC Inc., ships about 10 million pounds of used clothing a year from New York, largely to Africa.

The trail from New York starts at the Salvation Army and Goodwill Industries, where excess tons of donated clothing are received annually, usually in the spring and fall.

A middleman buys the clothes for as little as 6 cents a pound. They are placed on conveyor belts and sorted and graded by hand.

"The quality from New York is good," said Shokat Alibhai, a Zairian clothing importer who accompanied Mr. Stubin to the market. They are rich people and they use up their things quickly."

The exporter, who must produce a certificate of disinfection and fumigation, compresses the clothes into 100-pound bales, wrapped in waterproof plastic and bound with steel or plastic straps.

The importer tries to order as closely to local needs as possible. "We don't buy many sweaters,"



Edward Stubin, an American who exports used clothing, examining secondhand garments at the Kinshasa market.

Mr. Rawji joked as he sat in an air-conditioned cafe here, about five degrees south of the equator.

Zairian importers are also constrained by a national dress code imposed in the early 1970s by Zaire's president, Mobutu Sese Seko. Promulgated under the name of "authenticity," this code forbids men to wear Western coats and ties and forbids women to wear slacks.

The importers also run into supply limitations. By midwinter, many exporters are running low on short-sleeved shirts, which Americans and Europeans generally give away in early fall.

Also, the preference of American teen-age girls for jeans and slacks

leaves African importers with a shortage of used dresses in adolescent sizes.

Importers pay from \$7 to \$9 a bale for the used clothing. From the port of Matadi, the clothing imported by Beteleco is trucked to a company warehouse in Kinshasa — a 225-mile (355-kilometer) drive.

The bales are shipped to the interior of Zaire, often in coordination with local economic rhythms.

"In April, we know they will have money in Shaba because of the cotton and corn harvest," Mr. Rawji said. "In Haut-Zaire, it is December and January, when they have the coffee harvest."

## Demjanjuk Trial Allows Details on Nazi Killings

Readers

JERUSALEM — A lawyer for John Demjanjuk, the alleged Nazi war criminal, failed to persuade an Israeli court on Tuesday to forgo hearing grisly testimony on the killing of hundreds of thousands of Jews at the Treblinka death camp during World War II.

Yoram Sheftel, a defense attorney, compared the proceedings against the former U.S. auto worker to what he called show trials held in the Soviet Union under the rule of Stalin.

Mr. Demjanjuk, 66, who went on trial for his life on Monday, is accused of being a brutal Treblinka guard who was known as "Ivan the Terrible." Mr. Demjanjuk contends that he is a victim of mistaken identity and was never in the camp, where the prosecution says he tortured inmates and operated its gas chambers.

Mr. Sheftel told the three-member court that the defense accepted the sections of the 24-page indictment that detailed the mass murder of Jews and there was no need to expand on the subject at the trial.

The court president, Dov Levin, rejected the petition and allowed the first prosecution witness, Yitzhak Arad, director of the Yad Vashem Holocaust Memorial in Jerusalem, to describe the killings at Treblinka.

"If the prosecution insists these things be heard, then we say the aim is not to present them to your honors but to the 16 television cameras here," Mr. Sheftel said.

"This is an effort by the prosecution to turn this into a show trial, the most outstanding example of which was in Moscow," he said, referring to the Stalin era. The court president rebuked Mr.

Sheftel, saying that his remarks had no place in an Israeli court.

In his testimony, Mr. Arad, a historian and former chief Israeli Army education officer, described how 12,000 to 15,000 Jews were killed daily at Treblinka in Nazi-occupied Poland.

"Treblinka is the biggest graveyard of Polish Jewry. Some 700,000 Jews died there," Mr. Arad said.

Mr. Arad said that "Ivan the Terrible" and another Ukrainian, named Nikolai, were responsible for operating the tank engines that sent carbon monoxide into the gas chambers.

"They would stand at the entrance of the gas chamber and to make the victims move faster, they beat them and whipped them," the witness said.

In pretrial hearings, Mr. Demjanjuk's chief defense attorney, Mark O'Connor, an American, said that the key issue in the case was establishing that his client is not Ivan, rather than detailing the crimes committed at Treblinka.

Mr. Demjanjuk, who was born in the Ukraine, was stripped of his American citizenship in 1981 for concealing his past when he immigrated to the United States after the war. He was extradited from the United States last year.

### Soviet Orders Execution

A military tribunal has ordered the execution of a Russian accused of joining forces with the Nazis during World War II, shooting civilians and burning villages, the Tass news agency said Tuesday, according to an Associated Press report from Moscow.

Tass identified the man as a former senior lieutenant, A.D. Tarnikof. It did not explain how he came to trial more than 40 years after the war's end.

## Irish Vote

### In 'Brisk Turnout'

The Associated Press

DUBLIN — The Irish voted Tuesday in a general election that opinion polls indicated would end in defeat for Prime Minister Garret FitzGerald but might deny his challenger, Charles Haughey, an outright majority.

Irish state radio estimated that about one-sixth of the electorate had voted by noon and called it a "brisk turnout." At the last general election in 1982, 72.8 percent of those eligible voted.

An absolute majority for Mr. Haughey in the 166-seat Dail, or lower house of the Irish parliament, would be a remarkable comeback for a politician who has served two abbreviated terms as prime minister.

The most recent opinion poll, taken Friday, found that Mr. Haughey's Fianna Fail party was supported by 45 percent of the 2.4 million voters, 15 percentage points ahead of Mr. FitzGerald's Fine Gael party. Fifteen percent of voters had not decided.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of holdings in South Africa, Agence France-Presse reported from Johannesburg.

At least eight companies have announced their withdrawals this year — four of them American, two Canadian, one Swedish and one Dutch.

Another Firm Disturbs

The Kentucky Fried Chicken fast-food chain said Tuesday that it would join the concerns diverting themselves of



## The Fight for Baby M: Education and Wealth Give the Father an Edge

By Margot Hornblower  
Washington Post Service

HACKENSACK, N.J. — It was a telling moment in the Baby M case.

In a taped telephone conversation played for the judge, William Stern told Mary Beth Whitehead, the woman who was refusing to relinquish the baby he hired her to bear, "You know, you just had to get a lawyer, and he would have said to the judge, hey."

Mrs. Whitehead, crying hysterically, interrupted: "With what, Bill? With what, Bill? You hold all the cards, Bill."

The fight over the 10-month-old girl known as Baby M is the first in the United States to test the rights of mother and father in a surrogate pregnancy. The case resumed Tuesday as Mrs. Whitehead returned to the stand to face cross-examination.

In a dramatic relief, it has shown that the surrogate process, unregulated in all states, favors the couple with the income, education and sophistication to contract for a child. The system first failed Mrs. Whitehead, 29, a high school dropout.

### NEWS ANALYSIS

Not married to a garbage collector, when it accepted her as a surrogate mother despite tests indicating that she would have trouble giving up the baby. The system also did not prepare her during her pregnancy for the pangs.

From the time she changed her mind, at the baby's birth on March 27, she has been outspun and outmaneuvered by Mr. Stern, 41, a biochemist, and his wife, Elizabeth, a pediatrician who postponed pregnancy for her career and then decided against it for fear of aggravating a mild case of multiple sclerosis.

"This case is about class and gender," said Nadine Taub, a law professor who filed a friend-of-the-court brief on behalf of the Rutgers University Women's Rights Litigation Clinic.

The trial testimony reveals that Mrs. Whitehead was warned little, if at all, of the psychological or legal complications that might arise. Once complications arose, she had few means of dealing with them. Reacting instinctively, she refused the \$10,000 fee and fled with the child.

Advocates of surrogate childbearing, including some feminists, see it as "a constitutional right to procreate." But the economic imbalance that usually accompanies the arrangement — the couple who contracts for the child is wealthy enough to pay for it, the woman who accepts is poor enough to need the money — raises the issue of exploitation.

Mrs. Whitehead's reasons for becoming a surrogate mother were much like her reasons for wanting to keep her baby.

"I don't have education," she testified last week. "I don't have any skills to really speak of. The only skill I do have is being a mother."

The average surrogate-mother candidate, according to a study by Philip Parker, a psychiatrist at Wayne State University, is 25 years old, high school educated and married, with at least one child. The infertile couple who hire them tend to be over 30, well-educated and prosperous.

In examining the contract in which Mrs. Whitehead agreed to conceive Mr. Stern's child by artificial insemination and give it to him after birth, mental health experts

and lawyers have focused on whether Mrs. Whitehead was able to give "informed consent," which is a legal test of its enforceability.

No laws govern the growing industry of surrogate-pregnancy brokering in the United States, which has matched an estimated 500 couples and mothers through more than a dozen centers. Each center has different procedures.

In Mrs. Whitehead's case, the Infertility Center of New York ran an advertisement seeking a surrogate mother in Mrs. Whitehead's hometown newspaper and arranged for her to meet briefly with a lawyer.

Mrs. Taub's brief noted that "the center benefited financially when surrogates were matched with couples" and that Mrs. Whitehead should have had independent counsel.

Joan Einwöhner, a psychologist who interviewed and tested Mrs. Whitehead when she applied to be a surrogate mother, reported that she was "an appropriate candidate." But the psychologist noted that Mrs. Whitehead "expects to have strong feelings about giving up the baby in the end" and recommended that the feelings be explored "in more depth."

Mrs. Whitehead said she had never been informed about the report. The Sterns did not ask to see the report.

Noel Keane, an attorney who heads the New York center and one in Detroit, said the lawyer recommended by the center signed a paper saying he represented Mrs. Whitehead's interests as an independent counsel. Mr. Keane said the Einwöhner report would have been available if Mrs. Whitehead or the Sterns had requested it.

In "in-depth" interviews with two center staff members, Mr. Keane said, Mrs. Whitehead gave every indication "that she would be able to give up the child."

Two weeks after the birth of Baby M, whom the Sterns call Melissa and Mrs. Whitehead calls Sara, Mrs. Whitehead told the Sterns she could not give up the child and would not take the money. At that point, the Sterns' resources and sophistication came into play.

Before Mrs. Whitehead knew what was happening, the Sterns, accompanied by five police officers, appeared on her doorstep with a court order giving Mr. Stern temporary custody of the child. Mrs. Whitehead had no lawyer at the time and little money.

Bewildered that the court could have acted without her knowledge, she panicked, handing the child out the window to her husband.

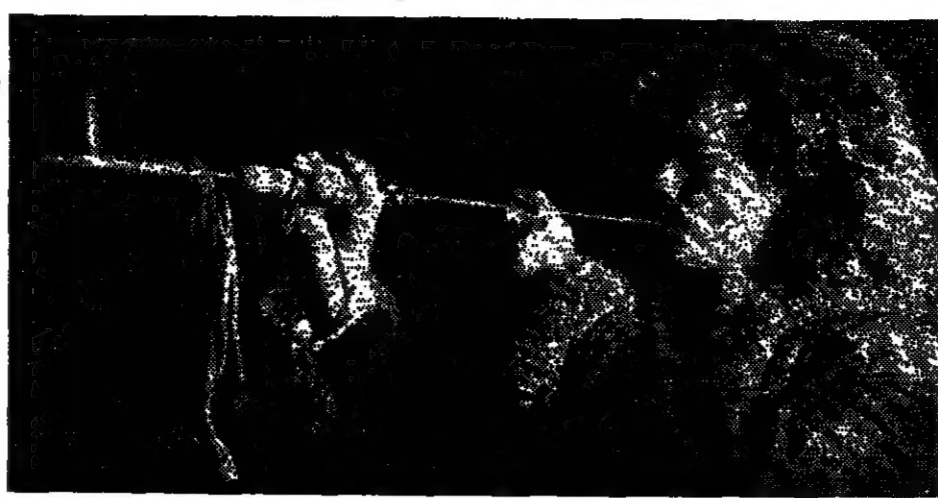
The next day the Whiteheads fled to Florida, where, after four months, private investigators hired by the Sterns tracked them down. The baby has been with the Sterns since.

"The Sterns achieved a major legal advantage in the case by getting custody in the beginning," said Mr. Taub, the Rutgers professor.

"They painted" Mrs. Whitehead "as unstable," Mr. Taub said. "If she had been a middle-class person, she could have gotten a lawyer to call right up and say don't do anything until I show up."

When the Whiteheads fled to Florida, Mr. Stern had their assets frozen. They could not sell their house, and Richard Whitehead had given up his job. They tried to get a lawyer, Mrs. Whitehead said later, but none would accept their case without a cash payment beforehand.

## AMERICAN TOPICS



TO EACH HIS OWN PUFF — Erwin Rupert II, a Harvard Divinity School student in Cambridge, Massachusetts, smokes a peace pipe, which he says is part of a religious service. He has filed a lawsuit against the city to stop enforcement of a municipal law prohibiting smoking in public places, which he says would violate his religious freedom.

### New No-Smoking Laws Take Effect in U.S.

Smoking was severely restricted in 6,800 federal buildings, affecting about 890,000 employees, around the United States this month and similar rules will take effect May 7 in New York state, The New York Times reports.

The federal rule is the reverse of previous regulations: Smoking now is forbidden everywhere that it is not expressly permitted.

New York's rules, among the most restrictive in the country, prohibit smoking in most public indoor areas: taverns, arenas, meeting halls, lobbies, restaurants, elevators, stores, schools, movie theaters, banks and hospitals. Restaurants with more than 50 seats must designate nonsmoking areas. The only exemptions are for private dwellings, hotel rooms, bars, tobacco stores, conventions and private social functions.

Dr. C. Everett Koop, the U.S. surgeon general, has cited a study estimating that each year 2,400 nonsmokers die of lung cancer caused by "environmental tobacco smoke."

Smoking is limited by the U.S. armed services, airlines and 36 percent of private companies. Of the 50 states, fewer than 10 do not have laws limiting smoking, including North Carolina and Virginia, where most American tobacco is grown.

### Short Takes

Two-thirds of American voters take no interest in foreign policy, according to a study by the Atlantic Council, a private research

group, although one-sixth of production workers owe their jobs to international trade. 40 percent of U.S. farm land produces for export and one-third of corporate profits come from international activity.

The board of education in Jordan, Michigan, has decided unanimously to keep the nickname "Red Devils" for its high school athletic teams, despite objections that the name bears a satanic meaning. However, a spokeswoman said, the board decided "that the face of the devil should be made more positive and imish instead of the more austere and satanic face" now in use.

The U.S. Army is considering joining the 31 states that run lotteries, with proceeds to go for recreational programs. But the first prize would not run into the millions as in some states: It would be about \$3,000. Most payoffs would range from \$2 to \$25. Lieutenant Colonel Barry Berglund said at a conference of state lottery officials, "We're not going to make soldiers rich enough to get out of the service."

The late S.J. Perelman once worked on the scripts for the Marx Brothers films "Horse Feathers" and "Monkey Business." In material sold by his family to Brown University, his alma mater, the comic writer said of the late Grocco Marx, "The man was a major comedian, which is to say that he had the compassion of an icicle, the effrontery of a carnival skill and the generosity of a pawnbroker."

Priscilla Presley, Elvis' widow, says she has no plans to wed

Marco Garibaldi, the Brazilian-born writer and director, although she soon will bear his child. Mrs. Presley, 41, who figures in the "Dallas" television series, says she is wary about "signing a piece of paper and being owned by someone, like I was with Elvis."

Dashboard radar detectors can be fooled, according to Michigan State University researchers. Some motorists use the detectors to spot highway speed traps. The university says police radar guns catch more speeders if the officer first gets a car in sight before switching on the radar. By then it is too late for the driver to slow down.

### Clerics Prefer Cash For Tying the Knot

Clergymen want checks, not gifts, for performing wedding ceremonies, even for friends and relatives, according to a letter to Ann Landers. Taking the advice columnist to task for suggesting otherwise, "Pastor in Seattle" wrote:

"I do not need another Bible. I cannot use another book from the local Christian bookstore since my reading time is sharply limited. My office cannot handle another pretty picture of the ocean with a biblical verse printed on it. My desk is loaded with paperweights and pen sets with crosses."

The writer, saying he and his family are "on a limited income," concluded, "Ann, tell them to send the check and let us choose the gift."

—ARTHUR HIGBEE

## Democrats Promise U.S. Labor Tough Restrictions on Imports

The Associated Press

BAL HARBOUR, Florida — Democratic leaders of Congress have pledged to the AFL-CIO labor federation that they will pass a tough, import-restricting trade bill but that they expect President Ronald Reagan to veto it.

The House majority leader, Thomas S. Foley, Democrat of Washington, and the Senate majority leader, Robert C. Byrd, Democrat of West Virginia, urged the 35-member executive council of the American Federation of Labor and Congress of Industrial Organizations on Monday to muster support from 12.8 million union members for overriding such a veto.

They indicated that they do not now have the two-thirds majority needed in each body to override a veto on the issue.

"I'm confident we're going to have a piece of legislation on the president's desk by midsummer," Mr. Byrd said after he and Mr. Foley talked with the union leaders, who are meeting here this week. "We will need and profit by labor's input."

The AFL-CIO is making the new import restrictions its primary test for judging presidential candidates in 1988, and its leaders made clear that candidates will have to back organized labor's view on trade to win its support.

The AFL-CIO president, Lane Kirkland, said Monday that if President Reagan vetoes a labor-backed trade bill, the issue "moves into the national election arena. And we'll see if it's possible to help bring into office a leadership that will take a more realistic and accurate view of the problem."

The federation also made it clear to the Democratic leaders that it would oppose any bill that does not require Japan, Taiwan and South Korea to reduce their trade surpluses with the United States and set fixed yearly targets for them to do so. Mr. Reagan has opposed such an approach.

However, of the four prospective Democratic presidential candidates who met with labor leaders here, the Reverend Jesse L. Jackson and Representative Richard A. Gephardt, Democrat of Missouri, supported the specific import restrictions that the unions want. Gary Hart of Colorado, the former U.S. senator who lost the Democratic nomination in 1984, and Senator Joseph R. Biden Jr. of Delaware opposed the restrictions.

"Frankly, our attitude is that any bill that the president doesn't veto is not worth passing," said Morton Bahr, president of the 515,000-member Communication Workers of America. "Our objective now is working towards the type of bill

that almost ensures a veto and then work towards getting Congress to override it."

Mr. Kirkland called a Senate bill written by Lloyd M. Bentsen, Democrat of Texas, the Finance Committee chairman, "a box with no contents."

The Gephardt measure is aimed primarily at Japan, South Korea

and Taiwan. It would give the president the authority to retaliate through new quotas or tariffs if a country is found to continue unfair trade practices, such as dumping goods in the U.S. market at prices less than those charged to their own consumers, and do not reduce their trade surpluses on their own by 10 percent a year.



## La Gastronomie

The Oak Room restaurant is an elegant temple to French haute cuisine. The famous 3 star chef, Michel Lorain, from Burgundy and our chef, David Chambers, have created a menu to intrigue and delight. Upstairs our new conservatory restaurant The Terrace Garden makes a splendid meeting place where you can enjoy a drink, a snack or a gourmet meal.

La Gastronomie  
at Le Meridien.

Le  
MERIDIEN  
Piccadilly

The very soul of France in the very heart of London

Le Meridien, Piccadilly, London W1V 0BH. Tel: +44 1 734 8000.  
Central Reservations: Telephone: +44 1 439 1244.

## Salmonella Contamination Of Poultry Is Rising in U.S.

The Associated Press

WASHINGTON — Nearly four of every 10 chickens sold to American consumers are contaminated with salmonella bacteria, according to the Agriculture Department.

U.S. officials said the incidence of salmonella contamination in the U.S. poultry supply has grown rapidly in recent years. Overall, 56,657 cases of salmonella food poisoning were reported in 1985, compared with 23,174 cases in 1976.

Contaminated food can result in salmonellosis, a food poisoning that produces flu-like symptoms within 12 hours to 36 hours after eating. The illness can be fatal.

"We cannot have a risk-free food

supply," said Donald L. Houston, head of the department's Food Safety and Inspection Service. But, he said, "if we can improve it, we should do so."

At issue, officials say, is whether inspectors for the service, which oversees federal meat and poultry inspection, should forgo bird-by-bird checks in favor of taking bacteriological counts.

The National Academy of Sciences plans to issue a report soon on federal poultry inspection. In 1985, the academy criticized the Agriculture Department for not taking advantage of advanced technologies that could detect health risks, including salmonella and chemical residues.

## WIN \$\* MILLIONS!

Strike it rich in Canada's Favorite Lottery.  
You pick your own numbers playing Lotto 6/49

That's right... you can win millions by picking your own numbers playing Lotto 6/49—Canada's most popular Government Lottery. In fact, last year Lotto 6/49 paid out \$354,736,589.00 in ALL CASH PRIZES. And it's all free of Canadian taxes. There are two draws each week for a grand prize guaranteed to be not less than \$1,000,000.00 with many millions more in secondary prizes. Grand prizes often run into the millions and have been as high as \$13,890,588.80. Imagine what you could do with that much cash! This is your opportunity to find out because now you can play the lottery that's making so many millionaires in Canada.

### WHAT IS LOTTO 6/49?

Lotto 6/49 is the official Canadian version of Lotto—the world's most popular form of lottery. It's the lottery in which you pick your own numbers and it's called "6/49" because you select any 6 of 49 possible numbers from 1 to 49. Your numbers are entered in the Lotto 6/49 computer system and if they match the six winning numbers chosen in the draw—you win the grand prize. Or if you have only 3, 4 or 5 numbers correct you win one of thousands of secondary prizes available.

### HOW CAN I PLAY?

Complete the attached order form and send it to Canadian Overseas Marketing along with the necessary payment. We will enter your numbers for the specified length of your subscription. You may select from 1 to 6 games for 10, 26, or 52 weeks. Each game gives you

another chance at the grand prize for every draw in which you are entered. You receive a "Confirmation of Entry" by return mail acknowledging your order and indicating the numbers you have selected as well as the draws in which they are entered.

### HOW DO I KNOW WHEN I WIN?

You will be notified immediately when you win a prize of \$1,000.00 or more. Also, a complete list of all winning numbers will be sent to you after every tenth draw so that you can check along the way to see how you are doing. At the expiration of your subscription you will be sent a final statement of your winnings. All prize money will be converted to any currency you wish and confidentially forwarded to you anywhere in the world. So mail your order today—the next big winner could be you.

### PRIZE BREAKDOWN (Actual Sample of One Draw)

PRIZES	NO. OF PRIZES	PRIZE VALUE*
1ST PRIZE 6 OUT OF 6 NUMBERS	1	\$13,890,588.80
2ND PRIZE 5 OUT OF 6 PLUS BONUS	10	\$443,481.60
3RD PRIZE 3 OUT OF 6	716	\$3,704.70
4TH PRIZE 4 OUT OF 6	48,917	\$129.36
5TH PRIZE 3 OUT OF 4	866,112	\$10.00
TOTAL PRIZES 1,014,755		\$17,443,226.10

\* All prizes quoted in Canadian dollars.  
1st, 2nd, 3rd, and 4th prizes are calculated on a percentage of the total prize pool. Since the prize pool fluctuates from draw to draw, the size of the prizes will vary from the size of the prize shown above.

Canadian Overseas Marketing  
P.O. Box 48120, Suite 1703-595 Burrard St.,  
Vancouver, B.C., Canada V7X 1S4  
Telex: 04-507822

### ORDER TODAY!

Mark six numbers on each game board you wish to play.



PICK YOUR PLAN — Check only one box below next to the option of your choice. ALL PRIZES IN U.S. FUNDS

FREE BONUS — INCLUDED IN PRIZES

10 WEEKS (20 Draws) 26 WEEKS (52 Draws) 52 WEEKS (104 Draws)

1 Game \$45.00 \$112.00 \$225.00

2 Games \$90.00 \$225.00 \$450.00

3 Games \$135.00 \$337.50 \$675.00

4 Games \$180.00 \$450.00 \$900.00

5 Games \$225.00 \$562.50 \$1125.00

6 Games \$270.00 \$675.00 \$1350.00

VALID ONLY WHERE LEGAL

\*NOT AVAILABLE TO RESIDENTS OF SINGAPORE

### CANADIAN OVERSEAS MARKETING ORDER FORM

EACH BOARD — 1 GAME MARK 6 NUMBERS ON EACH BOARD YOU WISH TO PLAY

1 10 20 30 40	2 10 20 30 40	3 10 20 30 40	4 10 20 30 40	5 10 20 30 40	6 10 20 30 40
1 11 21 31 41	2 11 21 31 41	3 11 21 31 41	4 11 21 31 41	5 11 21 31 41	6 11 21 31 41
1 12 22 32 42	2 12 22 32 42	3 12 22 32 42	4 12 22 32 42	5 12 22 32 42	6 12 22 32 42
1 13 23 33 43	2 13 23 33 43	3 13 23 33 43	4 13 23 33 43	5 13 23 33 43	6 13 23 33 43
1 14 24 34 44	2 14 24 34 44	3 14 24 34 44	4 14 24 34 44	5 14 24 34 44	6 14 24 34 44
1 15 25 35 45	2 15 25 35 45	3 15 25 35 45	4 15 25 35 45	5 15 25 35 45	6 15 25 35 45
1 16 26 36 46	2 16 26 36 46	3 16 26 36 46	4 16 26 36 46	5 16 26 36 46	6 16 26 36 46
1 17 27 37 47	2 17 27 37 47	3 17 27 37 47	4 17 27 37 47	5 17 27 37 47	6 17 27 37 47
1 18 28 38 48	2 18 28 38 48	3 18 28 38 48	4 18 28 38 48	5 18 28 38 48	6 18 28 38 48
1 19 29 39 49	2 19 29 39 49	3 19 29 39 49	4 19 29 39 49	5 19 29 39 49	6 19 29 39 49

Make Cheque or Bank Draft (in U.S. Funds) payable to: Canadian Overseas Marketing and Mail to: P.O. Box 48120, Suite 1703-595 Burrard St., Vancouver, B.C., Canada V7X 1S4

NAME \_\_\_\_\_

ADDRESS/PO. BOX \_\_\_\_\_

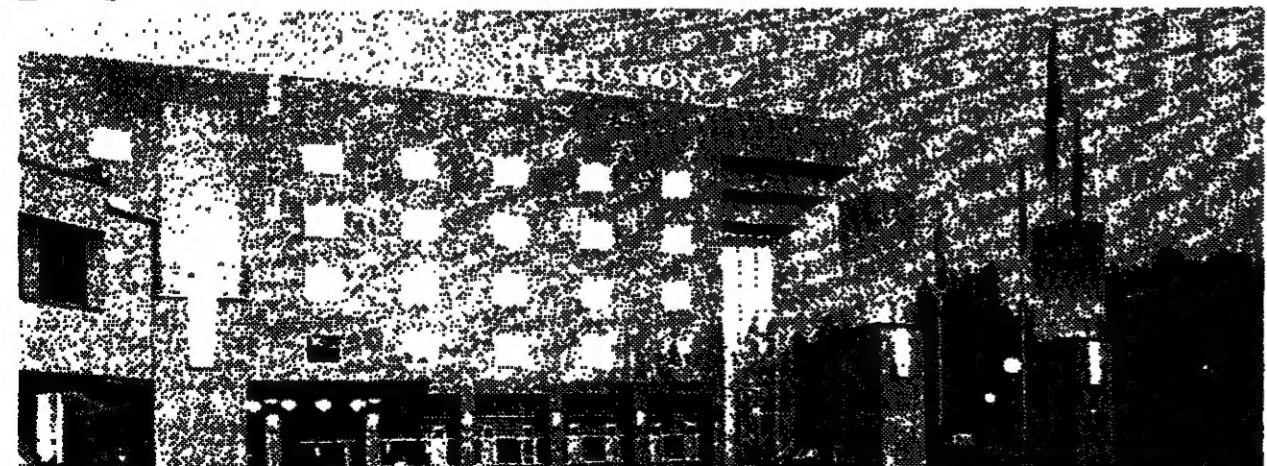
CITY \_\_\_\_\_ COUNTRY \_\_\_\_\_

☐ Cheque ☐ Bank Draft ☐ CREDIT CARD NUMBER \_\_\_\_\_

EXPIRY DATE \_\_\_\_\_

SIGNATURE \_\_\_\_\_

## BUSINESS IN EUROPE



SHERATON HOTEL OSLO FJORD & TOWERS, NORWAY: 4.5 MILES FROM AIRPORT/245 ROOMS/59 TOWERS ROOMS/HEALTH CLUB

## COMETO SHERATON

There's a Sheraton waiting for you in the heart of almost every major European city. And each one of them has made a commitment to the business traveler. It's a commitment that translates into comfort, luxury and services that anticipate your needs. Including express check-out, quick reservations, 24-hour room service, secretarial assistance, sophisticated conference and communications facilities and much more. At Sheraton we understand the pressures and demands you travel under today. That's why we're determined to give you the hotel you need everywhere you need it in the world.



Sheraton  
The hospitality people of

ITT

CALL TOLL-FREE IN THE U.K.

0800 353535

Or call your travel agent. Outside the U.K. call your nearest Sheraton hotel, reservations office, or your travel agent.

- ALSTRA, SAUBURG SHERATON HOTEL
- BEIJING, BUSINESS SHERATON HOTEL & TOWERS
- BULGARIA, SHERATON SOFIA HOTEL BALKAN
- DENMARK, SHERATON COPENHAGEN HOTEL
- WEST GERMANY, SHERATON HOTEL & TOWERS
- ENGLAND, HEATHROW AIRPORT SHERATON HEATHROW HOTEL
- SHERATON SKYLINE HOTEL
- LONDON, BELGRAVIA SHERATON
- SHERATON PARK TOWER HOTEL
- FRANCE, SHERATON HOTEL
- LUXEMBOURG, AEROGOLF SHERATON HOTEL
- NORWAY, SHERATON HOTEL OSLO FJORD & TOWERS
- PORTUGAL, LISBOA SHERATON HOTEL & TOWERS
- MADRID, SHERATON HOTEL (PUNTA) PUERTO SHERATON HOTEL
- SCOTLAND, EDINBURGH SHERATON HOTEL
- SWEDEN, SHERATON GÖTEBORG HOTEL & TOWERS
- SHERATON STOCKHOLM HOTEL & TOWERS
- SWITZERLAND, ALPES SHERATON HOTEL (GRINCH)
- TURKEY, ISKENDER SHERATON HOTEL
- FRANKFURT SHERATON HOTEL
- MÜNCHEN SHERATON HOTEL & TOWERS
- AND IN ISRAEL: SHERATON PULZA SHERATON
- TEL AVIV SHERATON HOTEL & TOWERS

© 1987 The Sheraton Corporation



# Herald Tribune

Published With The New York Times and The Washington Post

## Government in Private

For the first time since the Iran-contra arms scandal arose, it may now be possible to glimpse its full dimension. The scandal so far is only a part, a single example of a larger undertaking—an invisible, privately assisted inner government established by President Reagan within the National Security Council. Its chief executive officer was Lieutenant Colonel Oliver North, and its name, incredibly, was Project Democracy.

Such, it appears, is the story being pieced together by the commission headed by John Tower, the former Republican senator. The demons at work, to judge from a detailed account by Joel Brinkley of The New York Times, were zeal and arrogance so strong as to justify any deception—a fixed belief that the president's men knew the nation's interest better than its citizens did.

What a third-rate burglary was to Watergate, the Iran-contra affair may be to Project Democracy: the first dangling thread.

Project Democracy began as a sound proposal in one of Mr. Reagan's better speeches, to the British Parliament in June 1982. He called on older democracies to help younger ones by supporting a free press, political parties, unions and universities. It was not to be covert like that given by Moscow to its Third World clients. It was to be open, like West Germany's political foundations and the cultural patronage of the British Council, which became the ostensible models for America's National Endowment for Democracy. Mr. Reagan proposed the endowment to Congress, with the assurance that the CIA would have nothing to do with it.

On that understanding Project Democracy

was approved. It was a misleading understanding. There was an open side to the project, but in August 1982 a White House memo on the project said "we need to examine how law and executive order can be made more liberal to permit covert action on a broader scale."

The solution was to vest covert powers in the National Security Council, evading Congress and its oversight committees. "Project Democracy companies" were used to run arms and to provide cover for an attempt to ransom Beirut hostages with \$1 million donated by H. Ross Perot.

When Congress restricted aid to the Nicaraguan contras in 1984, Colonel North was able to keep money flowing through a secret network established as part of Project Democracy. Later on, how natural it must have seemed, indeed how resourceful, for the same operators to solicit Iran arms profits for the rebels' cause.

There is no knowing what other activities will come to light. What made the evasions feasible was the availability of privately donated funds from wealthy patrons or foreign governments eager to cultivate Mr. Reagan's good will. In March 1983 the White House was host to a meeting of billionaires with the apparent aim of raising money for Project Democracy.

It boils down to this: The president and his men apparently created a private, invisible second government to conduct foreign policy they feared that Congress would disapprove if conducted openly. As for money, they drummed it up on their own. As for authority, they got it the same way.

—THE NEW YORK TIMES

## A South African List

The South African government has kindled a revealing controversy by its publication of a list of 3,857 names of persons it says it has detained under its eight-month-old state of emergency. Presumably the government intended its list to quiet questions about the extent of its repression. Anti-apartheid monitoring groups, however, quickly exposed the unreliability of the official figures. These sources believe that the government is engaged in an extensive cover-up, perhaps to diminish the criticism that higher figures might be expected to bring and perhaps to draw attention away from the immense scale of protest that the true figures represent.

It seems that upwards of 20,000 people—enough to populate a small city—have been detained for varying periods of time under the state of emergency that began last June. Helen Suzman of the political opposition notes that, in addition, "large numbers" of South Africans have been imprisoned under standard apartheid legislation. Among the 3,857 detainees identified by the government are 281 children under the age of 15—a figure suggesting not merely the threat of official vengeance but also the extent of the rage against apartheid that

is developing among South Africa's young. By detaining protesters and anyone else who gets in the way and by limiting news of official practices, the South African authorities have meant to put the genie of popular discontent back in the bottle of official control. They have sought to fragment and atomize the opposition—

to reinforce tribal and regional differences and in other ways to deny individuals a true knowledge of their collective distress and, no less important, of their collective struggle for racial liberation.

But it is a vain as well as an unworthy effort. Only a totalitarian state with the resources of a Soviet Union can hope to achieve those goals, and even then, as Mikhail Gorbachev's reform program indicates, success comes at a cost that is ultimately unacceptable to the society's masters. The administrators of apartheid do not have those resources. They cannot avoid, for instance, responding to demands to account for the people they lock up. And when they respond, they reveal that they are weak and wrong not to let them go and not to look, with a blazing urgency, for ways to make South Africa free.

—THE WASHINGTON POST

## Scandal in the Market

Times of great booms in the financial markets tend to be accompanied by scandal. That is now being demonstrated with a vengeance in New York, site of the largest and most active of the world's markets, in the fifth year of a tremendous surge that has far more than doubled stock prices.

In the fastest and most lucrative game in investment banking, the negotiation of company mergers and acquisitions, the number of deals has almost doubled since the beginning of this decade and the amount of money in play has quadrupled. In that intoxicating atmosphere, a siren often whispers into receptive ears that everyone else is getting rich fast, it's now or never and anything goes.

The spectacle of federal agents walking into the offices of major investment houses, putting senior officials under arrest and leading them off in handcuffs must deeply shock anyone even remotely connected to financial business. It is intended to shock them. The handcuffs are arguably extreme, but the prosecutors' intention is to draw attention and set a warning. In that they have been successful.

The charge of insider trading means that in each case someone who received information under the most explicit pledge of secrecy is accused of selling it for prices which can run, evidently, to many millions of dollars. There have been a few murmurs of protest from liberal theorists who argue that the rules are wrong and that they ought to allow an unimpeded flow of information to anyone willing to pay for it, in the name of the free market.

—THE WASHINGTON POST

## Other Comment

### The Funny Smell of Deficits

When President Reagan heaped scorn on annual \$200 billion federal deficits in his State of the Union address, it was as if a stranger had entered the House of Representatives pulling a red wagon filled with stinky old lobster bait. It took Mr. Reagan himself only seconds to turn up his nose. "For starters," he said, "the federal deficit is outrageous. For years I've asked that

we stop pushing onto our children the excesses of our government."

But wait a minute. Who brought this "outrageous" deficit into being? Now at \$2 trillion, it has doubled since Mr. Reagan took office six years ago, in large part because of his reluctance to reject spending legislation.

The language gets stronger; the actions don't change. And the red wagon with the stinky old lobster bait will be back next year.

—The Portland (Maine) Press-Herald

### INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1986-1987

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen

LEE W. HUENNER, Publisher

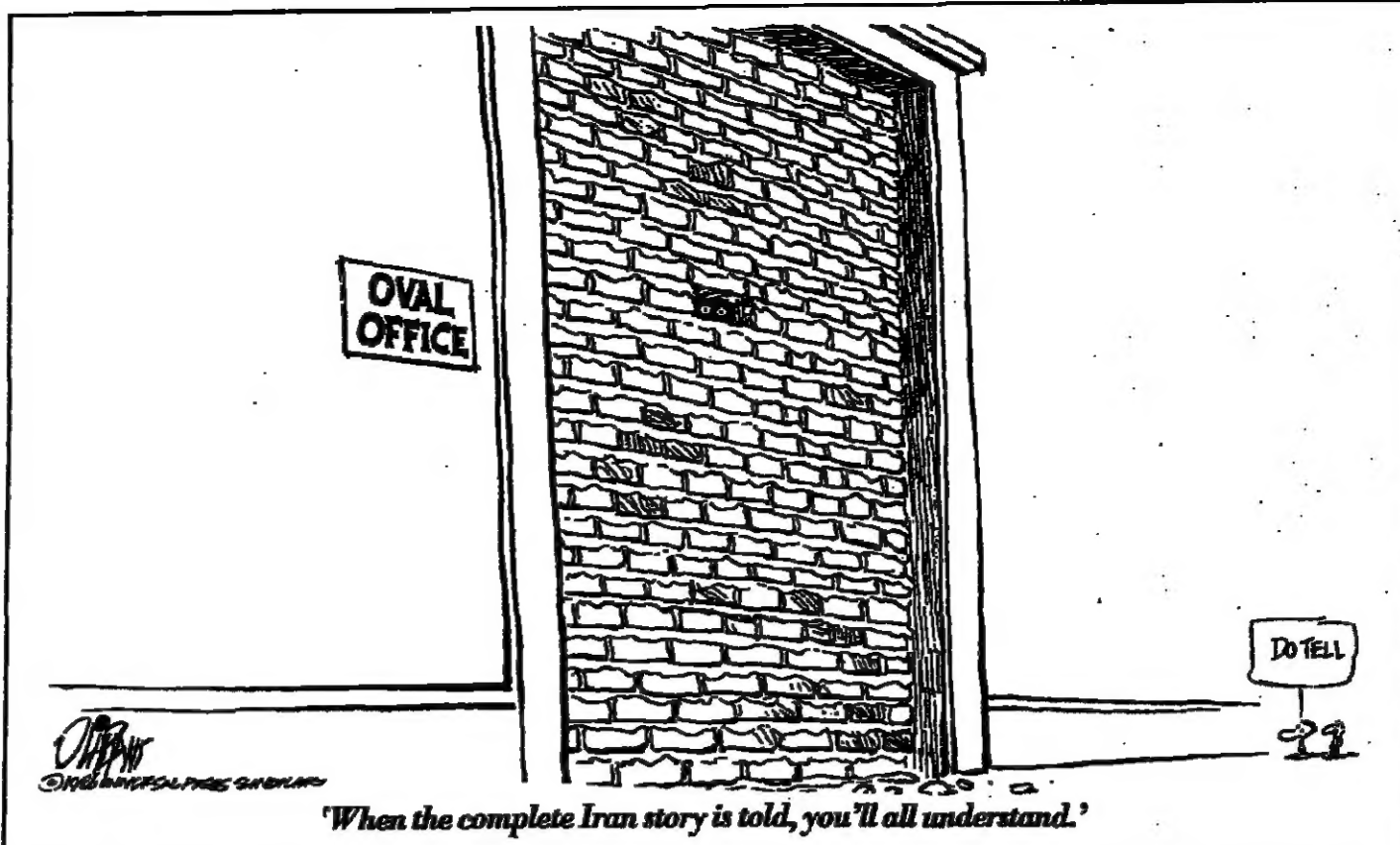
JOHN VINOCUR, Executive Editor; WALTER WELLS, Editor; SAMUEL ASH, KATHERINE KNORR and CHARLES MITCHELMORE, Deputy Editors; CARL GEWIRTZ, Associate Editor; ROBERT J. DONAHUE, Editor of the Editorial Pages

RENÉ BONDY, Deputy Publisher; ALAIN LECOUR and RICHARD H. MORGAN, Associate Publishers; FRANÇOIS DESMAISON, Circulation Director; ROLF D. KRANFEL, Advertising Sales Director; International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Tel: (1)46.37.93.00. Telex: Advertising, 613595; Circulation, 612632; Editorial, 612718; Production, 630698.

Directeur de la publication: Walter N. Thayer

Editor for Asia: Michael Robinson, 5 Canterbury Rd., Singapore 0511. Tel: 472-7768. Telex: RSCS8333  
Managing Editor: Asia: Michael Robinson, 5 Canterbury Rd., Singapore 0511. Tel: 472-7768. Telex: RSCS8333  
Managing Editor: U.S.: Robert MacKinnon, 600 Lexington Ave., New York, N.Y. 10022. Tel: 693-8000. Telex: 61770  
Gen. Mgr.: W. Germany: W. Landwehr, Frankfurt, 15, 60320 Frankfurt/M. Tel: 699-72653. Telex: 616721  
Pres. U.S.: Michael Currey, 850 Third Ave., New York, N.Y. 10022. Tel: (212) 752-3890. Telex: 627175  
S.A. au capital de 1,200,000 F. RCS Nanterre B 73202126. Commission Paritaire No. 61337  
© 1987, International Herald Tribune. All rights reserved. ISSN: 0394-8052.

## OPINION



## Twinning Two Deficits Makes for Bad Economics

By Robert J. Sammelson

WASHINGTON — Ever since big U.S. budget deficits became a reality, we have been bombarded by false theories about their bad consequences. We initially were told that, by causing high interest rates, they would prevent a recovery from the 1981-82 recession. That was false. We were then told that they would intensify inflation. That was false. Now we are told that they have caused the large trade deficit. This theory, if not entirely false, is so misleading as to be almost worthless.

The economists who concoct these theories exaggerate what they know, thinking they have embarked on a vital crusade: deficit reduction. Congress is supposed to be scared into action. But the actual result is just the opposite. As the budget deficits' adverse effects are discounted, the political pressure to deal with the deficits evaporates. Naturally, Congress does not want to cut spending or raise taxes for no apparent gain.

Budget deficits need to be treated candidly: neither sensationalized nor ignored. In many respects the politics of big budget deficits resembles the politics of inflation in the 1960s and '70s. Controlling both involves hard short-term choices to avoid larger but ill-defined future problems.

Washington tolerated creeping inflation for nearly two decades, ignoring warnings that it might one day get out of hand. It did, and only the wrenching austerity of the early 1980s sufficed to stop the spiral.

So, too, large budget deficits can be temporarily tolerated. But the longer they last, the greater the danger that they someday will snowball into a bigger crisis. No one can say precisely when or where. It is this ambiguity that tempts economists and others to advance more dramatic theories tying the deficits to some concrete economic problem. The connection between the budget deficits and trade deficits is simply the latest example.

The argument is oversimplified and has perverse side effects. It is being used by Japan and West Germany to resist U.S. pleas to stimulate their economies. The Reagan administration correctly contends that these countries are draining demand from the world economy with their huge trade surpluses. Faster economic growth and higher imports would help sustain the global recovery. West Germany and Japan wrongly dismiss this view, attributing their trade surpluses mainly to the huge U.S. trade and budget deficits.

The trade deficits mean that America spends more than it produces, and is relying on imports to fill the gap. Blaming this excess national spending on the budget deficits is superficially plausible because the two deficits have roughly grown together.

The flaw in this argument is simple: Much more could be produced in the United States. Between 1981 and 1983, for example, the trade deficit

rose 75 percent; meanwhile, civilian unemployment averaged 8.8 percent and factories operated at 75.6 percent of capacity. In 1986 the unemployment was 7 percent and factory utilization was 79.4 percent.

A more sophisticated theory connects the trade and budget deficits via the dollar's high exchange rate, which has made U.S. exports less competitive and imports cheaper. By this logic, the big budget deficits—and the expectation that they would continue—pushed up U.S. interest rates in the early 1980s, attracting international investors into dollar securities. As investors sold other currencies and bought dollars, the dollar's exchange rate rose more than 60 percent between 1980 and 1985.

The trouble with this theory is that the budget deficits were not the main cause of high interest rates. Most of the rise had occurred by 1982—before big budget deficits—and reflected the Federal Reserve's policy of crushing inflation with tighter credit. Budget deficits may have kept rates up after 1982 and contributed to the trade deficits, but budget deficits are one of many causes. Others include the Third World debt crisis and slow growth abroad. Both cut the demand for U.S. exports.

Being more precise about the budget deficits' exact effects is usually intellectual arrogance. Economists often flatter themselves by pretending

they know more than they do. The truth is that, as the U.S. economy has become more integrated into the world economy, it has become harder to understand. There are new uncertainties and complications. Although economists may grasp general tendencies, detailed predictions are difficult.

In the future, the connection between the two deficits may become more important. As the dollar's exchange rate falls, U.S. goods become more competitive and the trade deficit should fall. Assuming there is no recession, satisfying the spending demands of consumers, businesses and government will be tougher. More of production will be exported, and imports will slow down. Higher production can help, but—if unemployment drops and factory utilization rises—the spending pressures could increase inflation or interest rates. Cutting the budget deficit is one obvious way to ease those spending pressures.

That is only one reason for reducing big budget deficits. A government that regularly spends far more than it collects is courting trouble, even if we do not know when or how the trouble may come. Potential problems abound. Government may inflate away its debt by printing money; its borrowing may crowd out private investment; big deficits may frustrate spending on vital new needs.

The case for cutting budget deficits does not need sophisticated economic analysis. It is common sense.

The Washington Post

## Bonn's Governing Center Held Despite Its Setback

By Josef Joffe

MUNICH — West German voters delivered a vexing paradox last month. Helmut Kohl's center-right coalition was returned by a comfortable margin, but its victory was scored by a staggering drop of 4.5 percentage points, the Conservatives' worst showing since West Germany's first free election in 1949. The anti-nuclear and anti-NATO Greens, who seemed like a flash in the pan four years ago, gained 2.7 points.

West Germans had enjoyed an ultrastable political system for decades. Fringe parties on the right and on the left had disappeared one by one, leaving a vast and sluggish oligopoly of three: the Christian Democrats and their Bavarian sister party, the Social Democrats; the smallish Free Democrats. Tenure had been changing hands at a glacial pace. For the first 20 years, the Conservatives were in power. Then it was the turn of the Social Democrats with Willy Brandt and Helmut Schmidt governing for 13 years. In 1982 the Christian Democrats returned to Bonn, where they expect to remain until 1991.

But now, for the first time since World War II, an election has weakened both of the large parties simultaneously. And with the triumph of Greens' fundamentalist protest has been institutionalized. Then there is the "greening" of the Social Dem-

ocrats. Once the party of the working class, they continue to drift leftward, ever more critical of the Western alliance, America and industrial growth. The day after the election, the Social Democrats virtually dumped their candidate, Johannes Rau, the last heavyweight of the Helmut Schmidt wing of the party. The premier of Saarland, Oskar Lafontaine, a man of considerable demagogical talent and of convictions that are hard to distinguish from those of the Greens, appears likely to become the new standard bearer.

Finally, the Greens look like the party of the future. One-fifth of the 18-to-21-year-olds voted Green this time, as did the politically weak, university educated up to age 35.

Will Social Democrats and Greens emerge as victors four years hence? That is not likely. First, the numbers are not right. Together the Social Democrats and the Greens won 45.3 percent of the last vote—which is still less than what the Social Democrats gained in 1972, when they made their best showing ever with 45.8 percent.

The lesson of these statistics is plain: The two parties do not add up, but tend to subtract from each other. That is what happened in the 1987

campaign: As the Social Democrats moved left, they lost more votes in the center than they added up in Green pastures. Also, as Green voters grew past 35, they tend to reconsider their tastes.

Though that lesson has not sunk in, it will eventually. Elections in West Germany have never been won on the fringes. Nor is it so easy to collaborate with radical parties. In Hesse, the first ever coalition between Social Democrats and Greens broke up recently over a comparatively trivial issue: a nuclear fuel plant that the Greens wanted to close down after 12 years of operation. Humiliating as it was for Helmut Kohl, the 1987 verdict does not preclude the speedy demise of the center-right coalition. In large part, Chancellor Kohl "lost" because at least three-quarters of those polled knew that he would win. That was why these elections were notable for an abnormally low turnout. And many of those who did cast their ballots in favor of the extremes knew that protest came cheap, like a filibuster without consequences. Non-critical elections make for "deviant" behavior. The political center in West Germany has held, once more.

The writer is foreign editor of *Städteutsche Zeitung*. He contributed this comment to the *International Herald Tribune*.

## U.S. Labor Learns the Value of Political Pragmatism

By David S. Broder

BAL HARBOUR, Fla.—Four years ago, when U.S. organized labor leaders agreed early and easily to endorse Walter Mondale for president, the man they chose staggered through the primaries and barely carried one state against Ronald Reagan.

This year, the AFL-CIO chiefs are much more divided and uncertain where to throw their support, but prospects for the Democrats appear infinitely better. It would be simplistic to say that the Democrats' chances arise as labor's unity declines. But it also would be naive to suggest that there is no connection between the altered situations in these two major institutions of the U.S. political life.

Labor learned some important lessons from the 1984 Mondale fiasco. Contrary to what some outsiders may think, the endorsement process itself is not in question. Even such opponents of the Mondale endorsement as Bob Geoghegan, the head of building trades, has conceded privately that the AFL-CIO, the largest U.S. labor organization, gained political credibility and a much more professional political operation from the 1984 campaign.

The lesson is that the way the endorsement is made and who is endorsed are vital questions. Said Gerald McEntee, president of the American Federation of State, County and Municipal Employees: "We've grown up in four years. We have more realistic expectations, a better sense of what we can and cannot do, or demand."

The Mondale experience taught many labor leaders that, much as they may enjoy being the candidate's best friend, much as he may seek to satisfy them on every point, they have to keep things in perspective.

Mr. Mondale was hurt by the charge that he was the willing "captive" of special interests. Labor leaders were in a bind, for they knew that he was the overwhelming early choice of their members. But the embrace of endorsement was so tight that Mr. Mondale lost his running room.

That is one reason Senator Joseph Biden Jr., Democrat of Delaware, probably was right when he said, after talking with the union leaders who were in Bal Harbour for the AFL-CIO executive council meeting, that "it was a test time is over... If a guy's heart is in the right place, it's okay to differ on tactics."

The extent of the change can be overstated. Some unionists worry that Mr. Biden backed the original Reagan tax cuts and the 1985 Gramm-Rudman-Hollings deficit reduction bill. More worry about former Senator Gary Hart's continued opposition to tough trade legislation. But there is a greater degree of pragmatism and large-mindedness available here this time around. Some labor leaders would like to veto Mr. Hart for his trade views and for what they regard as "labor-bashing" speeches in his 1984 primary contest with Mr. Mondale. But they know that his lead in the polls is a reflection of Mr. Hart's appeal to their younger members. And they are reluctant to cut off contact with a man whose overall record in the Senate is largely in line with their view of what the United States needs.

Similarly with the Reverend Jesse Jackson. Some labor leaders consider him totally untrustworthy and more regard him as divisive. But they

opened their doors to him this year, as they did not last time. They have learned that he is never so dangerous as when he can tell his constituents that the power structure is treating him with disdain and disrespect. Invited in to labor's meeting, he immediately moderated his rhetoric.

Thus, pragmatism is overcoming some strong internal bureaucratic imperatives as U.S. labor approaches the endorsement question in 1988. Four years ago, when labor was much weaker politically, the Mondale candidacy provided a convenient vehicle for assembling and testing a political machine. Now the AFL-CIO Committee on Political Education is a highly professional organization, eager to flex its muscle on behalf of some candidate. Its operatives are not choosy about the name of the candidate; they just want to get into the action early.

But the union presidents for whom they work want more time to assess the credentials and voter appeal of Mr. Biden, Mr. Hart, Representative Richard Gephardt of Missouri, and of potential candidates Mario Cuomo and Michael Dukakis, the governors, respectively, of New York and Massachusetts. So the odds are that the process of candidate-checking that began this week will not produce an endorsement of a single candidate when the AFL-CIO national convention in October.

The flexibility the labor leaders are showing is good news for the Democratic Party, which has plenty of other forces propelling it into what may be a premature judgment on a presidential candidate. The delegates-se-

lection calendar is tilted so far forward in 1988 it is ridiculous; a real risk exists that the delegates will be committed before the voters have an opportunity to take the measure of the men seeking the nomination.

By holding back a bit from that rush to judgment, the AFL-CIO is perhaps reducing its clout and risking greater internal friction. But it is giving the process a chance to work and the candidates room to breathe. And that is no small boost to the chances of eventually electing a president who meets most of labor's standards.

The Washington Post

## IN OUR PAGES, 75 AND 50 YEARS AGO

### 1912: Rhodes Prepares

RHODES — In view of the threatened attack by the Italian fleet on the Turkish islands in the Aegean Sea, active preparations are being made for the defense of Rhodes. The garrison of 1,000 troops will be reinforced by the whole male population able to bear arms. Rifles and ammunition are being made to defend the interior of the island, which possesses many natural fortresses which are practically impregnable. The most contradictory reports regarding the intentions of the Italian Government in the Aegean continue to circulate. One day it is stated that the Italian Government is about to order operations to begin; the next, a denial is published, and it is declared that the war will be circumscribed to Tripoli.

### 1937: Hitler on Peace

BERCHTESGADEN — A threat to peace would ruin "the gigantic effort the nation is making to regain health," and a new war would be catastrophic for all nations, Chancellor Adolf Hitler said on Feb. 17 in a speech to war veterans from many nations, including former enemy countries. "The colossal effort being made by the German people is possible because complete peace reigns in Germany," he said. "If domestic peace were troubled, the work of reconstruction would be compromised. It is doubly true that a threat to peace abroad would ruin the gigantic effort which the German nation is making to recover its health." He said Germany had "not the slightest bitter memory of the war. No memory of it remains except respect for its former adversaries who endured the same suffering as the German soldiers."

It Seems  
Hid Inc



## OPINION

## It Seems That a Polygraph Hid Inconvenient Truth

By William Safire

WASHINGTON — On Friday, Jan. 17 of last year, when Ronald Reagan or his autopen signed the "finding" submitted by Vice Admiral John Poin-dexter sending arms to Iran without notifying Congress, the two officials who ordinarily handled secret arms transfers had not yet returned from a trip to China. Hurriedly, one of the men closest to Secretary of Defense Caspar Wein-

## ESSAY

berger, Major General Colin Powell, bypassed the written "focal point system" procedures and ordered the Defense Logistics Agency to turn over the first of 2,008 TOW missiles to the CIA, which acted as cutoff for delivery to Iran.

One reason the usual covert-action transfer officials were kept in the dark may be that one of them, Michael Pillsbury, was a former aide to Senator Orrin Hatch, Republican of Utah, a member of the Senate Intelligence committee, and it was feared that Mr. Pillsbury would object to lengthy concealment of this operation from the committee.

Less than three months later, Admiral Poin-dexter apparently became agitated by Mr. Pillsbury's continued presence at covert-action meetings, where he often clashed with Lieutenant Colonel Oliver North about weapons withdrawals. The admiral used the occasion of a story in the press, about the shipment of Stinger missiles, to demand that Mr. Pillsbury undergo a polygraph test. It was conducted by a navy examiner chosen by the National Security Council staff.

The "lie detector" supposedly went against Mr. Pillsbury and he was abruptly dismissed. No appeal, no second chance with a different examiner, no due process, no FBI; just out, fast. Neither Admiral Poin-dexter nor Mr. Weinberger would have to worry about an aide with right-wing connections alerting Senate Intelligence to the strange bypassing of procedure in the TOW missile transfer.

At year's end, we learned of the Jan. 17 finding, which the doers of the secret-transfer deed had used as justification

## Secrecy Is Again at Risk

JUST when a consensus was building for the need to restore integrity to intelligence gathering, weakened in the post-Watergate era, a new crisis provides an excuse to destroy it again. President Reagan's opponents think the arms sales to Iran demonstrate intelligence activities lacking proper management. They are willing to supply it. That would be like telling the whole world what the government plans to do. It would also raise a constitutional question of infringing on the executive powers of the president.

—The Daily Oklahoman (Oklahoma City).

for an otherwise illegal act: "Pentagon officials confirmed that Weinberger did not notify Congress about the transfers," wrote George C. Wilson in The Washington Post on Dec. 14, "but the defense secretary was not obliged to do so because, they said, he was operating under Mr. Reagan's 'finding,' which ruled out the notification procedure."

Curious that the Jan. 17 finding was cited by "officials" as their legal authority. Curious, because at a Pentagon luncheon for pundits hosted by Mr. Weinberger last week, during which he reported proudly that his polygraph testing program had grilled more than 7,000 souls, this exchange took place:

Q. Did you know about the Jan. 17 finding?

A. Not until a few weeks ago.

Q. So you weren't told?

A. I was not told.

Q. According to the Senate intelligence committee report, "A final meeting was held in Poin-dexter's office on Jan. 16 to review a final draft of the finding. Attending were Poin-dexter, Casey, Meese, Sporkin and Weinberger. Weinberger again voiced opposition to the program."

He didn't know? He wasn't told? "Weinberger testified before the Committee," continues the report, "that later that day [Jan. 17] he received a call from Poin-dexter informing him of the president's action."

Something is fishy here. Cap Weinberger is one careful lawyer of high repute. Through his spokesman, he informs me that he holds to his assertion that he did not know about the Jan. 17 finding, and adds that he cannot recollect having attended the Jan. 16 meeting that the Senate report places him in.

Either the Senate intelligence committee was incredibly sloppy, or some people are changing their stories about the moment in this case when America's highest officials circumvented the law. If the Pentagon did not know about the finding, on what authority did Mr. Weinberger fail to notify Congress?

The temptation is to suggest that the foremost U.S. proponent of polygraphs be required to take one on this affair, on pain of being fired if he refuses or fails, and to extend that requirement to Assistant Secretary of Defense Richard Armitage and to Colin Powell, who has been promoted to lieutenant general and appointed as Frank Carlucci's deputy at the National Security Council.

But that, as we used to say, would be wrong. As we see, the polygraph is less a device to get at the truth than an easily corruptible method by which officials who may be eager to conceal possible wrongdoing can conveniently remove any other official who might be inclined to obey the law.

The New York Times.



## Blessed or Cursed With Looks Like a Koala

By Henry Mitchell

WASHINGTON — The role of Liberace in American culture is one of those things I only think of under duress, as when I read the comment that what his fans liked in him was "his luxury." That is, the glittery bombast, all of it cuddled in fur coats and rococo vulgarity with custardy pianos.

But I would not willingly see his epitaph read, Lotsa Bucks, Lotsa Junk. Millions were attracted to him for deeper reasons. Many Americans spend money in wasteful ways, without any particular adulation from the public. Even Inelda Marcos with all her footgear does not seem to have attracted fan clubs, as Liberace did.

Liberace was blessed or cursed with a strong physical resemblance to a koala, and he reinforced this with a face of such bland innocence that one would hesitate to say "oh fudge" within a block of him.

He was probably a competent player of the piano. As I recall through decently veiled ears, he hammered away at the fringes of music, embellishing it with cornball flourishes as if to say, "Well, we all love Chopin, but upon my word nobody has the patience to sit through the 'B Minor Sonata.' But we're all very cultured lads, so let's have six bars of the prelude you all know and love, and then I'll tell you something amusing."

This did not endear him much to those who like their Bach plain, and in strict time, if you please. And his flouncy manner and coy voice were calculated (probably very painfully mastered) to curl the teeth of a great many men. Possibly he made us uneasy, and we disguised that as anger.

One of the charitable things I once said of his stage performance was that Liberace was a natural-born jackass and possibly an ultimate one.

But jackasses, both animal and hu-

man, can be valuable to any society. It is no accident, surely, that Christ's triumphant entry into the Holy City was on the back of an ass. And as everybody knows, things that may not particularly attract us may be good for us and may have merits we do not immediately notice or seek. Thus Shakespeare observed that the toad (another animal of mixed re-

## MEANWHILE

views) may be ugly and venomous but wears a precious jewel in its head.

Liberace was a rebel against the manner American boys are bred to, and much is to be said for rebels. They commonly attract many, Thomas Jefferson, Falstaff, Jean Genet, Jack Kerouac and John the Baptist among them. One sometimes wonders if it is not the rebelliousness, rather than the substance, that attracts people to begin with. Liberace's fans were much more likely to say, "Gee, that guy is one of a kind," than to say, "Gee, I wish I had some ermine pajamas."

There is also the matter of the American Dream: a chicken in the pot, a Cadillac in the garage and a Zephyr in the kitchen and a ray gun in the nursery. We all believe strongly in the dream, but Liberace carried it to remarkable lengths. His very furs were diamond studded, and his stage act laid such stress on wildly expensive junk that you had to wonder if there might be some flaw in the national dream to begin with.

You could see in him the folly of unbridled consumption, and the madcap result of piling one luxury on another. But you could not see this without a faint uneasiness in yourself, that perhaps \$40 shoes would do as well as the

considerably more costly ones you bought. And while this self-examination may not have swept the continent like a prairie fire, it still is a possible example of Liberace's value to the rest of us.

We are reminded by the wisdom of the ages not to speak ill of the dead, though I assume there is no offense in saying a man carefully adopted the stage role of a flamboyant fool if that is in fact what he worked hard to achieve.

This refusal to speak ill of the dead, which I strongly adhere to, comes not from the civility of speaking well of one who is not here to defend himself, but from the fact that we have no earthly way of knowing what another human is really like. We know neither his limitations nor his strengths, so we do not know whether he wasted his talent or made superhuman strides, considering what was possible for him by nature.

This should not be hard to understand, and most people understand it. We each know ourselves better than any other, and even with ourselves we are capable of confusing our virtues for our vices and the other way around.

Certainly as we look back, we may get the impression we had not the foggiest idea what we were doing, not that it stopped us from bounding right along like a bloodhound pup. There are times I think we each have a hidden life within us, as if we were living lives we knew nothing about. In charity I have always felt the guys at the office are bound to be better than they strike me. Charity is a terribly important thing.

The oldest religion I have heard of is the Egyptian, and when I was a kid one thing startled me about it. When the ancient Egyptian died, he appeared before a divine judge who held a pair of scales. On one was the newly dead heart, on the other a feather. If the heart had enough merit to overbalance a feather, the man was received into the grace of Osiris. I thought, what kind of god can be duped this way, since the cruddiest heart weighs more than a feather.

But now it has dawned on me the god had divine systems of eavesdropping and maybe was not so gullible. The guy lives his life contented, rather pleased he gave a buck to a beggar two weeks ago, and other instances of noble spirit. But on the scales of Osiris, his heart might not prevail against the feather.

Even in such ancient times, people knew they were nothing before God, who might see their dandy virtues with less than enthusiastic eyes. In a later instance in a later religion, it is shown that whores and thieves may do fairly well at the last, and decent folk like us not so well. This is rattling to think of, but something of a relief, too, in a way.

I seem to have strayed slightly from our examination of Liberace's place in American culture. Well, leave it to some doctoral candidate. It is customary, and I go along with it, to pray for him peace this night, and good luck against the feather, and rest in the patriarchal bosom and joy in the paradise of God.

The Washington Post.

## LETTERS TO THE EDITOR

## Déjà Vu on Arms Dealing

A headline on Page 4 of your May 21, 1984 issue read: "CIA Reportedly Asked Israelis, Saudis to Give Covert Support in Nicaragua." The article reported that a senior Israeli official had said, "We are not consciously or with knowledge passing anything to the contras." We are not a surrogate for the United States. The article continued that, asked about overtures to Saudi Arabia and Israel, a senior Reagan administration official had said: "There were lots of conversations... but nothing of that character was official."

The Saudi contact, according to this official, was "totally unauthorized." Nothing changes very much, does it? ELIZABETH YOUNG, London.

## Recalling a Use of Gas

In "U.S. Intelligence for Iraq? A Policy That Makes Sense" (Dec. 20), Charles Krauthammer refers to Iraq's

use of poison gas in battle and states that "even Hitler eschewed the practice." One front on which Hitler used poison gas was called Auschwitz.

MARIAN SCHNEPS, Hong Kong.

## The 'Unworthy' Palestinians

Regarding the report "Hostage Makes Appeal to Avert Execution" (Feb. 9):

As an afterthought to a long article on U.S. hostages in Beirut, a brief follow headed "Israel Seizes Ship" noted that an Israeli warship had "intercepted" a ship off Lebanon's coast and taken "its 50 unarmed passengers" and Egyptian crew to "an undisclosed Israeli port."

Why are these people not called "hostages"? Why is their capture not called a "hijacking"? Why is the Western press not outraged? The passengers are, of course, presumed to be Palestinians.

Perhaps the abuse of Palestinians, at the hands of both Israelis and their fellow Arabs, has become so commonplace as

to be barely newsworthy. Perhaps, having been so long abused, Palestinians are deemed, at least in Western eyes, as being uniquely unworthy of basic human rights. Perhaps both.

JOHN V. WHITEBECK, Paris.

## Rallying 'Round That Pun

Lewis Lehrman's opinion column "Americans Should Rally Round the Reagan Doctrine" (Jan. 23) was fraught with contradictions and passed without comment from this reader. It was, to be blunt, beneath reproach. However, the supporting letter from William Ballin (Feb. 2) provokes brief comment.

In his unwitting pun describing the so-called Reagan doctrine as "a discreet combination of principle and interest," Mr. Lehrman reduces foreign policy to the language of finance.

What he—as well as Mr. Ballin, in his letter's cryptic allusion to the doctrine's basis in "constitutional intent"—proposes is that the American people

squander the country's moral capital on junk-bond demagoguery.

MARK ECKENWILER, Dublin.

## The Most Moving Article

A.M. Rosenthal's opinion column "I Hear People Screaming; of Course, I Pass Them By" (Feb. 13) is the most moving and most disturbing article I have ever seen on the subject. I hope readers take it to heart. I thank him for writing it and you for printing it.

KATE JENNINGS, Geneva.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

## STARRING THE BRITISH AIRWAYS STEWARDESS

PLUS FULL SUPPORTING CAST OF THOUSANDS

THE DAY SHE EARNED HER WINGS



LIKE EVERYONE AT BRITISH AIRWAYS, SHE'S BEEN THROUGH A TRAINING PROGRAMME CALLED PUTTING PEOPLE FIRST NOW SHE REALLY KNOWS... THE TRUE MEANING OF SUPERCARE

SEE HER IN 3-D REAL LIFE ON ANY BRITISH AIRWAYS FLIGHT

هكذا من الأصل



## Reagan Introduces an Initiative To Boost Trade Competitiveness

By Stuart Auerbach

WASHINGTON — President Ronald Reagan called Tuesday for a "quest for excellence" designed to keep the United States on top of the world economy into the 21st century.

He said an initiative for increased American competitiveness, which is to be presented to Congress on Thursday, challenges American businesses, workers, teachers and scientists to "a great national undertaking" that will make American-made products sought after around the world.

"The quest for excellence," the president said, "is a challenge to join together in looking to the new

world market place, not as a source of fear and uncertainty but in the way Americans have always looked at their challenges, as great opportunity and another open frontier for the American spirit, as America's next great adventure."

Mr. Reagan delivered the remarks to business leaders invited to a meeting in the East Room of the White House.

Mr. Reagan's initiative is his attempt to seize the high ground in the trade issue and to prevent Congress, which is smarting under five years of trade deficits that reached a record \$170 billion in 1986, from passing protectionist legislation this year.

On the trade front, Mr. Reagan

pushed what he called "a great bipartisan consensus that the answer to our trade problems is more trade."

As evidence of bipartisan spirit, Mr. Reagan cited the Democratic speaker of the House of Representatives, Jim Wright of Texas, as saying, "The solution lies in opening markets to American goods, not in closing our markets to foreign goods."

Mr. Reagan took a tough line on other countries' unfair trade practices, saying that "trade must be a two-way street."

"We will not sit idly by," Mr. Reagan warned, "when other countries close their markets to our products, subsidize their exports or fail to trade fairly."

Mr. Reagan said he would ask Congress to strengthen protection of U.S. patents, copyrights and trade secrets "so America's intellectual property will be clearly stated out with the sign that reads 'No Trespassing.'"

He also said he would ask Congress for authority to negotiate in the new round of global trade talks that began in Geneva this month. The current authority runs out in 1988.

Mr. Reagan called for retraining of workers who lose their jobs in declining industries so they can "be the competitive edge for our rising industries," adding, "we must not let this national treasure go to waste."

He said these workers, many of whom have lost their jobs in the past four years, made America a world leader and will be crucial to America's industrial future.

He also proposed training funds for economically disadvantaged youth, a group that makes up a large segment of the unemployed and poses special education and social problems for the country.

He said the United States cannot compete in the world "if some of us are permanently barred from the team."

Mr. Reagan emphasized new programs to upgrade American science and technology, including a doubled budget over the next five years for the National Science Foundation.

"In too many industries," Mr. Reagan said, "we have developed the technology, only to see others bring it to the market place. Our legislative package will help make the journey from the American laboratory to the American factory to the world market a shorter and a more certain one."

## Bryce Harlow, Adviser To Presidents, Is Dead

United Press International

WASHINGTON — Bryce Harlow, 70, an adviser to Presidents Dwight D. Eisenhower and Richard M. Nixon, died Tuesday following a long illness.

Mr. Harlow, who was retired, also served as an informal adviser to President Gerald R. Ford and was close to Democrats and Republicans in Congress as both a government official and a lobbyist.

His son, also named Bryce, serves as an adviser to President Ronald Reagan.

The senior Harlow graduated from the University of Oklahoma and held the post of presidential counselor in the first Nixon administration. He was called to again serve Mr. Nixon during the worst days of the Watergate scandal that drove the president from office.

Mr. Harlow was a special assistant to Eisenhower and worked in the White House from 1953 to 1961. He served as the director of governmental relations for Procter & Gamble from 1961 to 1968.

**Dimitri Kabalevsky, 82, Soviet Composer**

MOSCOW (Reuters) — Dimitri B. Kabalevsky, 82, a leading Soviet composer, has died, Tass reported Tuesday.

The news agency gave no details of Mr. Kabalevsky's death but said leaders of the Soviet government and the ruling Communist Party had signed an obituary describing him as innovative and brilliant.

Mr. Kabalevsky wrote four symphonies, two string quartets, various concertos and five operas, including "Kolas Brugnon" and "Taras Family."

**Bola Sete, 63, Jazz Guitarist**

GREENBRAE, California (UPI) — Bola Sete, 63, a Brazilian guitarist who came to San Francisco in 1959 to play cocktail music at a hotel and stayed to become one of

**Shanghai Said to Be Sinking**

BEIJING — In Shanghai, over-pumping of underground water is causing the Chinese port city to gradually sink at a rate that will put it below sea level by the 26th century, a Chinese newspaper reported Tuesday.



Bryce Harlow

the most innovative jazz musicians of his time, died Saturday.

He was diagnosed as suffering from pneumonia and lung cancer.

He was born Djama De Andrade in Rio de Janeiro. His Portuguese nickname, Bola Sete, means "seven ball." He began playing the ukulele at 3, studied music and earned a master's degree at Rio's Conservatory of Music.

Bola Sete played jazz, blues, bossa nova and classical guitar. Soon after arriving in San Francisco, he was discovered by Pablo Casals. By the mid-1970s, he had made a name for himself in the jazz world, touring with Dizzy Gillespie and Vince Guaraldi.

**Victor Vramant, 51, French TV Journalist**

ROME (AP) — Victor Vramant, 51, a correspondent for France's Antenne 2 television, died here Tuesday of a heart attack.

Mr. Vramant had been based in Rome since 1973. He also had served as correspondent in Moscow.

**Karolos Koun, 78, Greek Theater Director**

ATHENS (Reuters) — Karolos Koun, 78, a leading Greek theater director, died in Athens on Monday of heart failure.

Mr. Koun, who was born in Istanbul, studied literature in Greece and at the Sorbonne in Paris before founding the Greek Arts Theater, which won its reputation for staging ancient Greek drama.



Palestinian Unrest Continues in West Bank, Gaza

Three Israelis, apparently plain-clothed security men, roughed up an Arab as they arrested him Tuesday in Ramallah on the West Bank following renewed outbreaks of rock-throwing in both the West Bank and Gaza Strip. Four Israelis and a Palestinian were injured in the violence, which has been blamed on Palestinian anger over the plight of refugees in the besieged camps in Beirut. The faces of the security men were blacked out by Reuters to conceal their identities.

## CONTRA: A Leader's Resignation Leaves Rebels Adrift

(Continued from Page 1)

ing to resign Monday, charging that Mr. Calero had retained his post as head of his faction, the Nicaraguan Democratic Force, known by the initials FDN.

Mr. Cruz and Mr. Robelo had been demanding Mr. Calero's resignation in order, they said, to broaden military decision-making power and to increase the emphasis given to political initiatives. Their reform effort has broad support in Congress, which approved the current contra aid program largely as a vote of confidence in the two men.

The departure of Mr. Cruz and

Mr. Robelo would precipitate a meeting next week of the contra's general assembly in Costa Rica to pick a new directorate, other contra officials said.

Frank Arana, formerly head of the contra's field office in Honduras, said: "Let them all leave. That way we can start again with a clean slate, this time people picked by the Nicaraguans themselves."

His implication was that Mr. Calero and the other current leaders were imposed on the movement by its U.S. backers and that the rift does not extend into the contra ranks.

Roberto Arguello, president of the Miami-based Nicaraguan-American Bankers Association, reinforced that view.

"All three of them have been hand-picked by 26-year-old political appointees at the State Department," he said. "We want them to shut up and work and overthrow the Sandinistas."

Senator Jesse Helms, a conservative North Carolina Republican and the ranking minority member of the Senate Foreign Relations Committee, also accused the State Department of orchestrating the resignation.

"If the State Department is allowed to push Mr. Calero out of UNO this means the end of the Reagan doctrine," or rolling back of Communist influence in the Third World, he said.

[The chief White House spokesman on Tuesday welcomed the res-

ignation of Mr. Calero, saying administration officials hoped his departure would help unify anti-Sandinista forces, Reuters reported.]

Mr. Calero nominated Pedro Joaquín Chamorro Jr., former editor of the Nicaraguan opposition newspaper La Prensa, to succeed him in the rebel directorate and to "look after the interests of the FDN."

Although he is honored for bearing the name of his father, whose 1978 assassination helped precipitate the Sandinist victory over the dictator Anastasio Somoza, Mr. Chamorro's recent role has been limited to publishing a newsletter from self-imposed exile in Costa Rica.

## U.K. to Bar AIDS Sufferers

The Associated Press

LONDON — Acquired immune deficiency syndrome, AIDS, soon will be added to the list of diseases used by port medical officers to restrict entry into Britain, the Home Office said.

[Officers would determine on sight whether persons entering Britain have AIDS and there is no plan at present for medical testing for the virus before entry, a Home Office spokesman said, according to Reuters.]

In practice visitors may already be refused entry if the authorities suspect them of having AIDS. Im-

## Soviet, in Shift, Accepts International Inspection Of Some Chemical Arms

By Thomas Netter

New York Times Service

GENEVA — The Soviet Union said Tuesday that it would allow on-site, international inspection of declared chemical weapons stockpiles, a move seen by Western diplomats as significant in one area of negotiations on a chemical weapons ban at the 40-nation Geneva Conference on Disarmament.

The statement by Yuli Nazarkin, the Soviet ambassador to the conference, marked the first time Moscow has expressed a willingness to declare stockpiles and allow international on-site inspections since negotiations began on a U.S. draft of a convention submitted in April 1983.

Western diplomats were cautious in welcoming the Soviet statement, which they said suggested Moscow appeared ready to accept Western proposals regarding the location of chemical weapons stockpiles.

But they also noted that the major outstanding issue — mandatory, across-the-board challenge inspections — remained unresolved and that it appeared unlikely that a chemical weapons agreement could be reached this year.

The United States and the Soviet Union, the two main producers of chemical weapons, are sharply divided over the Western demand for so-called "universal" on-site inspections that would occur within 24 hours of a challenge alleging treaty violations.

The Soviets have repeatedly said that such inspections could amount to spying on their civilian chemical industry and lead to what one Soviet official called "frivolous" demands for inspection.

The Soviets have said that they hope to conclude the Geneva talks on a chemical weapons treaty by autumn, when a U.S. plan for developing a new generation of binary chemical weapons is scheduled to go into effect. The new U.S. weapons are to replace older U.S. stocks.

Diplomats here said that Mr. Nazarkin's statement marked the most significant Soviet proposal since the conference began its 1987 session this month. Moscow had in the past refused to declare the location of its chemical stockpiles, which Western military and diplomatic sources believe amount to from 200,000 to 500,000 tons of chemical weapons stored in the Soviet Union and depots in Eastern Europe.

The refusal would have made verification impossible and had been a major area of discord.

Some diplomats said the Soviet move appeared aimed at putting pressure on Washington to come promise on the issue of challenge inspections. The United States, with broad support from NATO, has insisted on mandatory inspection provisions to prevent cheating.

Under the proposals offered Tuesday, Mr. Nazarkin said that the Soviet Union would accept Western proposals for mandatory challenge inspections of declared locations and facilities, as well as in cases where the use of chemical weapons has been alleged.

"These are all useful steps in our direction," one Western diplomat said, "and they seem to show some movement. What it translates into will have to be examined carefully. One article does not make a treaty."

## 8 Suspected Of Selling Arms to Iran

Reuters

STOCKHOLM — Eight arms salesmen of the Nobel Industries AB group have been told by prosecutors that they are suspected of illegal ammunition smuggling, a spokesman for Swedish customs said Tuesday.

Hans Jonsson, who headed a two-year investigation into the Swedish company's export dealings, accused a Nobel subsidiary of selling 400 tons of gunpowder to Iran, Syria and possibly other countries. Such sales violate Swedish law, which bans arms sales to countries at war or in regions of conflict.

He added that the eight persons had been notified of the suspected violations. Under Swedish law, this is a preliminary step taken before formal charges are brought.

Prosecutors said they expected charges on the basis of the customs investigation to be brought next month.

Allegations that Nobel AB, a Swedish weapons manufacturer that is part of Nobel, had smuggled anti-aircraft missiles to Tehran forced Claes-Ulrik Winberg, the former president of Nobel, to resign as chairman of the Swedish Employers' Federation in 1985.

Rune Borg, a Nobel Industries spokesman, said the eight employees of the group's Nobel Kemi unit had been transferred to other positions within the company.

In a television interview, Mr. Jonsson said the employees had admitted handling the shipments, which were made through intermediaries in Italy and Yugoslavia. But they denied knowledge of the cargo's final destination.

The daily Svenska Dagbladet quoted sources Tuesday in Nobel Kemi's management as saying at least one of the eight salesmen had acted totally irresponsibly.

Nobel Industries officials have refused to comment on the investigation. But Anders Carlberg, the company's president, said its arms-producing companies "must be more aware that what we manufacture is not just any type of goods."

## VIETNAM: Shake-Up Extended

(Continued from Page 1)

tion to Foreign Minister Thach and Mr. Hung, will be Nguyen Khanh, Ngoc Triu, Tran Duc Luong, Nguyen Van Chinh, and Doan Duy Thanh, who will also be responsible for foreign trade.

Prime Minister Phan Van Dong, 80, will retain his post, despite his widely reported pleas to be relieved of his government responsibilities. Mr. Dong resigned from the party Politburo in December and is now an adviser to the party's Central Committee.

In the December changes, Mr. Dong was one of three leaders of the Ho Chi Minh generation to resign his party Politburo seat. The others were the Communist Party's secretary-general, Truong Chinh, and Le Duc Tho, Hanoi's negotiator in the 1973 Paris accords that ended the U.S. military engagement in Vietnam.

Mr. Chinh, who is also the country's president, was replaced as party leader in December by Nguyen Van Linh, a figure little known outside Vietnam. But Mr. Linh has decades of experience in what was formerly South Vietnam, the country's most dynamic yet troublesome region, according to Vietnamese leaders and exiles.

Other appointments announced Tuesday included the following:

- Deputy prime ministers, in ad-

dition to Foreign Minister Thach and Mr. Hung, will be Nguyen Khanh, Ngoc Triu, Tran Duc Luong, Nguyen Van Chinh, and Doan Duy Thanh, who will also be responsible for foreign trade.

Prime Minister Phan Van Dong, 80, will retain his post, despite his widely reported pleas to be relieved of his government responsibilities. Mr. Dong resigned from the party Politburo in December and is now an adviser to the party's Central Committee.

In the December changes, Mr. Dong was one of three leaders of the Ho Chi Minh generation to resign his party Politburo seat. The others were the Communist Party's secretary-general, Truong Chinh, and Le Duc Tho, Hanoi's negotiator in the 1973 Paris accords that ended the U.S. military engagement in Vietnam.

Mr. Chinh, who is also the country's president, was replaced as party leader in December by Nguyen Van Linh, a figure little known outside Vietnam. But Mr. Linh has decades of experience in what was formerly South Vietnam, the country's most dynamic yet troublesome region, according to Vietnamese leaders and exiles.

Other appointments announced Tuesday included the following:

- Deputy prime ministers, in ad-

## 70 Die in Train Crash In Suburb of São Paulo

Reuters

RIO DE JANEIRO — At least 70 people died Tuesday and more than 300 were injured when a crowded passenger train collided in a suburb of São Paulo, the police said.

A police investigator said one train ran into the side of the other this afternoon just outside the station of Itaquera in the east of São Paulo. Officials said the apparent cause of the accident was a signaling mistake.

On Tuesday, Mr. Gorbachev began a tour of the Soviet Baltic, a politically sensitive area, but one that has set an example for the economic changes he is trying to introduce nationwide, Reuters reported from Moscow.

Reuters quoted a dispatch by Tass, the Soviet press agency, saying that he had arrived in Riga, the capital of Latvia, Moscow Radio said he would go on later to Estonia and Lithuania.

## Early Decision On Deploying SDI Is Planned by U.S.

The Associated Press

WASHINGTON — The Reagan administration informed Congress on Tuesday that it is moving to an early decision on whether to deploy missile-defense technology in space and defended as legal a central part of its research program.

President Ronald Reagan also attempted to assure Congress that the United States is abiding by its arms control pacts amid Soviet charges of U.S. treaty violations.

Reagan administration critics and Mikhail S. Gorbachev, the Soviet leader, have assailed the administration's move toward a so-called broad interpretation of the 1972 anti-ballistic missile treaty.

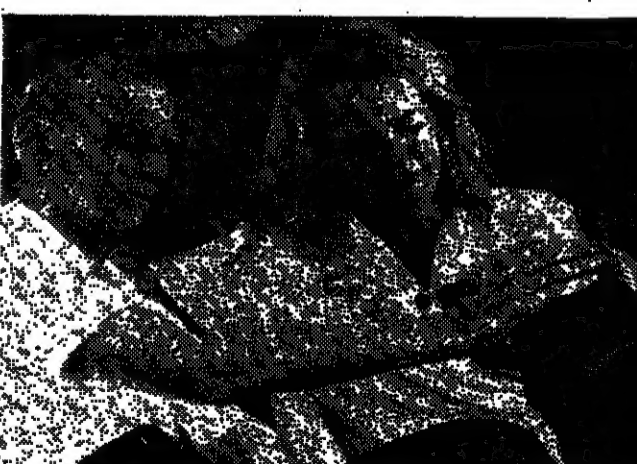
Such an interpretation of the pact, which limits the testing and deployment of missile defenses, would permit a wider range of experiments under the Strategic Defense Initiative.

Mr. Rickenbacker said his wife "wouldn't come home" after being kicked out of the army and that he began divorce proceedings. "She's batty," he said.

Miss Douglass told The New York Times that she had never heard of either Mr. Glenn or Mr. Rickenbacker. She said she did not know that her brother and sister had been appointed conservators of her estate.

In their petition to be named conservators of their sister's estate, John and Diane Douglass described Carroll Douglass as "unable to care properly for her property."

"She has acquired a romantic and unreasonable fixation for the person of the pope and the plight of the people of Poland," they said in their petition. In addition, they said their sister tried to buy a Rolls-Royce for the pope to use on a visit to England, wrote a check for \$70,000 payable to "His Holiness for Poland Project" and negotiated "for the purchase of a helicopter for \$40,000 and for flying lessons in order to become the pilot of the pope."



Sir Rudolf Bing and his wife, Carroll Douglass, in Anguilla.

## BING: A Troubled Past Is Detailed

(Continued from Page 1)

"They were embarrassed about it just like I was."

Mr. Rickenbacker said his wife "wouldn't come home" after being kicked out of the army and that he began divorce proceedings. "She's batty," he said.

Miss Douglass told The New York Times that she had never heard of either Mr. Glenn or Mr. Rickenbacker. She said she did not know that her brother and sister had been appointed conservators of her estate.

In their petition to be named conservators of their sister's estate, John and Diane Douglass described Carroll Douglass as "unable to care properly for her property."

"She has acquired a romantic and unreasonable fixation for the person of the pope and the plight of the people of Poland," they said in their petition. In addition, they said their sister tried to buy a Rolls-Royce for the pope to use on a visit to England, wrote a check for \$70,000 payable to "His Holiness for Poland Project" and negotiated "for the purchase of a helicopter for \$40,000 and for flying lessons in order to become the pilot of the pope."

In subsequent court documents, some filed as recently as September 1986, the Douglass siblings told the court that they had spent money from their sister's estate to cover what they said were costs associated with her frequent cross-country travels, placement in mental institutions and enrollments in various adult education courses.

John Douglass said Sunday that he and his sister hoped they would soon relinquish conservatorship of her estate and set up a trust fund to help her handle her finances.

Carroll Douglass, according to her brother, attended boarding school with her sister and also was a student at Sidwell Friends in Washington and later at Principia High School near St. Louis. She studied drama in England and eventually earned a bachelor's degree at New York University.

He said her new husband "has a very strong air about him and demeanor." He described Sir Rudolf as "a fascinating guy" but said he seemed "confused about the short term."

"It's really unfortunate they can't be left alone," he said. He called the marriage "probably the best thing that has happened to either of them."

October 1987

C2 Thursday

C3 Friday

Oil and Money Conference  
London

Note these dates in your calendar now!

The eighth International Herald Tribune/Oil Daily conference on "Oil and Money in the Eighties" will take place on October 22 and 23 in London.

The conference which has become a major annual event in international energy circles, will feature an outstanding group of worldwide energy and financial experts and government leaders from Europe, the Middle East and the United States. The conference is designed to provide senior executives from the financial and energy sectors with an annual comprehensive update on the world oil market.

For full details please clip your business card to this announcement message and return it to: International Herald Tribune, Conference Office, 63, Long Acre, London WC2E 9JH. Or Telephone: (441) 336 4802. Telex: 262008.

**Herald Tribune**

Published With The New York Times and The Washington Post

Tigers  
Rebels Now C  
Or Talk. More

By Richard M

LAST YEAR'S CONTEST

between the Tigers and the Rebels was a

close one, with the Tigers winning by a

narrow margin. The Rebels, however, were

able to secure a victory in the final

match of the season. The Rebels' victory

was a significant one, as it marked the

first time in three years that they had

won the title. The Rebels' victory was

a testament to their skill and determination.

The Rebels' victory was a testament to

their skill and determination. The Rebels

had won the title for the first time in

three years. The Rebels' victory was a

testament to their skill and determination.

The Rebels' victory was a testament to

their skill and determination. The Rebels

had won the title for the first time in

three years. The Rebels' victory was a

testament to their skill and determination.

The Rebels' victory was a testament to

their skill and determination. The Rebels

had won the title for the first time in

three years. The Rebels' victory was a

testament to their skill and determination.

The Rebels' victory was a testament to

their skill and determination. The Rebels

had won the title for the first time in

three years. The Rebels' victory was a

testament to their skill and determination.

The Rebels' victory was a testament to

their skill and determination. The Rebels

had won the title for the first time in

three years. The Rebels' victory was a

testament to their skill and determination.

The Rebels' victory was a testament to

their skill and determination. The Rebels

had won the title for the first time in

three years. The Rebels' victory was a

testament to their skill and determination.

The Rebels' victory was a testament to

their skill and determination. The Rebels

had won the title for the first time in

three years. The Rebels' victory was a

</



## Tigers' Emergence Changes Sri Lanka War

Rebels Now Can Fight, Or Talk, More Decisively

By Richard M. Weintraub  
Washington Post Service

**JAFFNA, Sri Lanka** — The shape of Sri Lanka's civil conflict between the government and rebels of the ethnic Tamil minority appears to have changed significantly in recent months as the most militant group of Tamil guerrillas has emerged to dominate the fractious Tamil autonomy movement.

The group, the Liberation Tigers of Tamil Eelam, has expressed an interest in continuing the frustrated and intermittent dialogue between Tamils and the government. But it also has emphasized its threat simply to declare independence for the Tamil-dominated north and east of this island nation.

The Liberation Tigers' domination has now made it possible for the Tamil side to talk or fight more decisively than before.

In a recent visit here, it was also clear that the government, which last year spent heavily to strengthen its small army, is ready to resume an escalated battle if the faint hopes for negotiations are ended.

A dispute over the use of the island's two ethnic languages began in the 1950s, when Sinhala, the language of the Sinhalese majority, was made the country's official language. The dispute grew into a broad cultural conflict between the Hindu Tamils, with 18 percent of the population, and the Buddhist Sinhalese, with 75 percent.

Over the past decade, Tamils increasingly have protested government policies that they say discriminate against them in such areas as jobs, education and land distribution. In 1983, frustrated Tamil politicians walked out of Parliament, and more radical groups began a guerrilla insurgency that has since claimed thousands of lives.

After years in which the various Tamil guerrilla groups have alternately squabbled and coexisted, the Tigers have recently taken charge of the movement, attacking or intimidating their rivals.

The Tigers raised tensions in the conflict late last year when they threatened to set up their own civil administration on the Jaffna peninsula at the northern tip of the island. Tamil spokesmen have since emphasized that a separate administration would be premature.

The government responded to the Tamils' challenge with a show of force. The army went on the offensive in Jaffna last month, and has since stepped up operations throughout the



Tamil fighters displaying the cyanide ampoules they carry to avoid capture.

Jaffna peninsula and in eastern Sri Lanka, notably around the town of Batticaloa. There have been scores of casualties, according to reports from Colombo, the capital.

The government also has blockaded Jaffna, causing the price of food and fuel soaring there, and has cut off telephone links with the rest of the country.

Both sides say that the possibility of talks remains. The Tigers and the government have expressed frustration at the failure of India's attempts to mediate in the conflict, and recently established their first direct public contacts.

In Washington last week, Sri Lanka's foreign minister, A.C.S. Hameed, said "We do not believe in a military solution."

"It is a very critical time" in the conflict, Mr. Hameed said to a group of Washington Post editors. "We are so near and yet so far from an agreement."

Tamil decision-making has been moved closer to the scene of the conflict with the apparent return to Jaffna of Velupillai Prabhakaran, the leader of the Tigers.

Mr. Prabhakaran, like other Tamil political and guerrilla leaders, has been based in recent years in Tamil-dominated southern India. The government of Prime Minister Rajiv Gandhi, however, has circumscribed the freedom of op-

eration of the guerrilla groups in India as a way of pressuring them to negotiate with Sri Lanka. While there has been some talk of splits within the Tigers' leadership in Sri Lanka, it seems mostly the Indian pressures that have pushed Mr. Prabhakaran back to Jaffna.

A leader of the Tigers in northern Sri Lanka, S. Krishnakumar, said his group was ready to talk, but added: "The government keeps saying they want talks but at the same time they take actions against us, so we have no confidence in the government. They keep changing their position."

Mr. Krishnakumar spoke more positively about recent contacts with local military — rather than civil — authorities. He recalled a recent exchange of prisoners negotiated between the Tigers and military officers.

"If there were new contacts with the military," he said, "if they help create the right conditions, then we would possibly talk with the military."

Top government officials also indicate a willingness to negotiate, but link their position to the Tigers' announcements late last year that they were going to set up a separate administrative structure in Jaffna.

"We realize the limits of military power, but they have to realize the limits of their power, too," National Security Minister Lalith Athulathumudi said in Colombo.

He indicated that the government's present strategy is to couple nonmilitary pressure, such as the fuel blockade, with limited military advances that will undermine Tamil militants' confidence and bolster troop morale, but not push the situation beyond a point of no return.

The Tigers warn that they are ready to meet a government military push. "We haven't shown our strength, we haven't gone after the economy, yet they are squeezing the economy of the Tamils," Mr. Krishnakumar said at his Jaffna headquarters.

"So," he added, the Tigers "will be forced to retaliate on the Sri Lankan economy."

### ■ 200 Tamil Suicides Reported

A Tamil rebel leader disclosed that more than 200 guerrillas have committed suicide by swallowing the ampoules of potassium cyanide that each wears around his neck in case he is captured. The Associated Press reported from Jaffna.

"It is better to take cyanide and take your own life than to be subjected to inhuman torture," said Raheem, a lieutenant of the Liberation Tigers.

"We are only human. No one can withstand torture," he said recently. "We would reveal secrets, and so we choose an honorable death rather than betray our liberation struggle."

## 500 Afghan Rebels Said to Die in Heavy Fighting

The Associated Press

**ISLAMABAD, Pakistan** — More than 500 Muslim guerrillas have been killed in heavy fighting with Soviet and government forces in Afghanistan in the past month despite a government-declared cease-fire, sources said Tuesday.

Western diplomatic sources, speaking on condition of anonymity, said reliable sources in Afghanistan reported the high guerrilla casualty rate.

Heavy fighting has been reported

in several parts of the country, especially around the cities of Kabul, Kandahar and Herat, the sources said.

Guerrilla officials based in Pakistan called the Western sources' figures too high. But the guerrillas invariably understate their losses and exaggerate Soviet and government losses.

The Western sources said that they did not have any figures on Soviet and Afghan government losses in the same period, but re-

ports from Kabul indicated that city hospitals were full of wounded soldiers.

Afghanistan's Communist government declared a unilateral cease-fire on Jan. 15 as part of its call for national reconciliation to end the war. Guerrilla leaders seeking to topple the government dismissed the offer as an attempt to legitimize Communist rule.

The sources said street battles had been reported in Kandahar along with almost daily artillery

and rocket duels. Large but unspecified numbers of civilians have been killed in the fighting, the sources said.

Heavy fighting also was reported in the western city of Herat near the Iranian border, the sources said. Guerrilla forces ambushed a military convoy there in the first week of February, destroying four or five vehicles, they said.

Guerrilla forces continued to attack Kabul with rockets, scoring several hits in the past week, the sources said.



Ramada Hotel, Dubai

Marcus — hoped I'd catch you: you're going to love this Ramada Hotel. It's perfect for our delegation — stylish but not expensive.

... No, don't worry, the people here have checked everything — the reception by the pool is all set up!

... What's that? Listen, you won't need to find any outside restaurants. This is the place to stay and eat.

... Yes, I think you'll agree, we should vote to book here again next time. ...!

## RAMADA INTERNATIONAL HOTELS

**Ramada Renaissance Hotels**  
Alexandria, Cairo, Düsseldorf,  
Geneva, Hamburg, Jerusalem,  
Karachi, Karlsruhe.

Open 1987: Brighton, Cologne, Manchester.

**Ramada Hotels**  
Abu Dhabi, Bahrain, Brussels, Dhaka,  
Dubai, Düsseldorf, Frankfurt, Göttingen,  
Helsinki, Jeddah, Jönköping, Leverkusen,  
Liege, London, Ludwigshafen, Munich,  
Reading, Stuttgart, Tel Aviv.

Open 1987: Budapest, Istanbul, Madras,  
Regensburg.

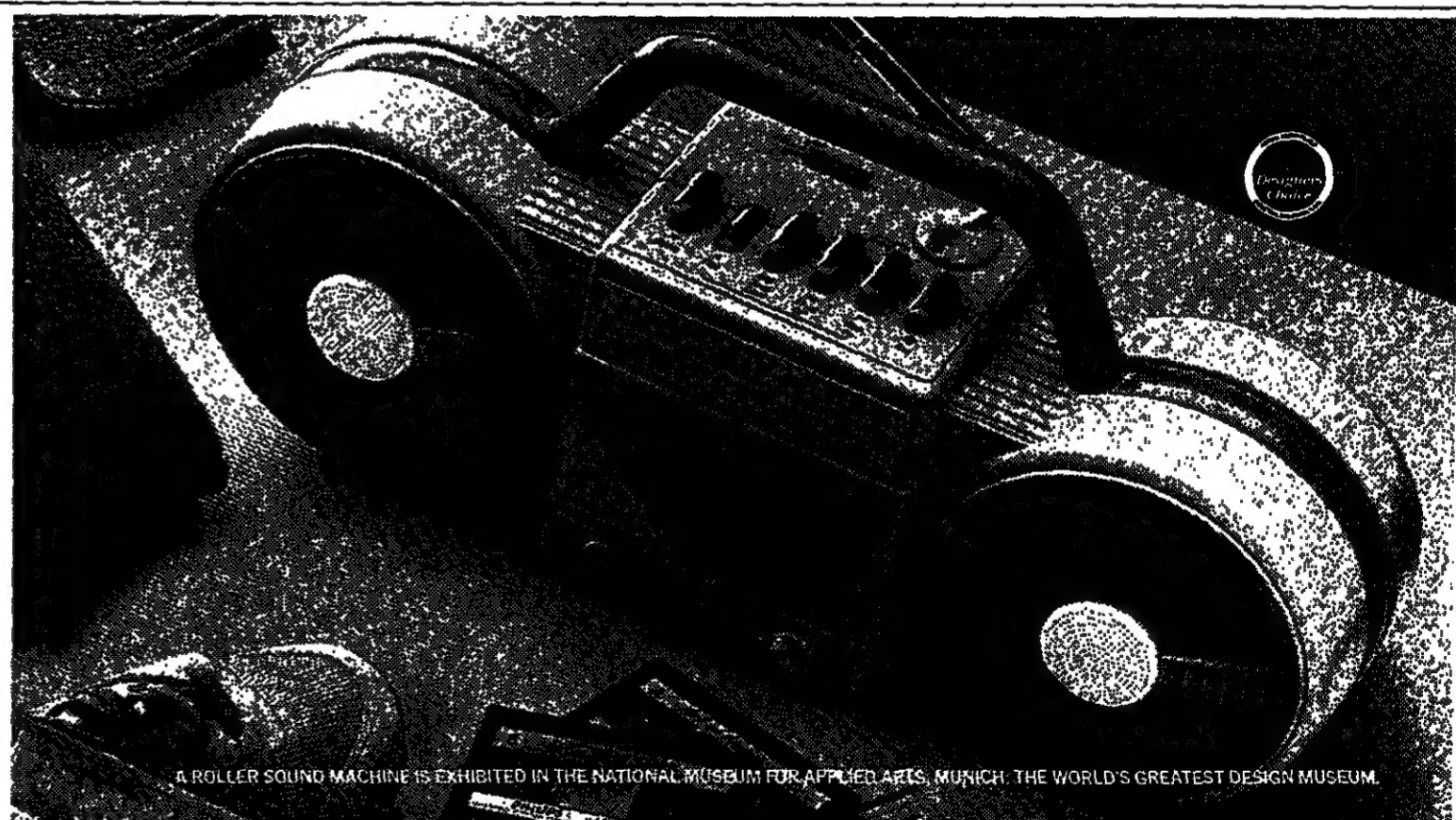
**Ramada Inns**  
Bombay, London.

600 Hotels in 50 Countries Worldwide

Together with our innovative technology, Philips design skills provide products with a future. Products that appeal to the taste of today's discerning consumers.

Incorporating new trends in form and function. Updating familiar product concepts. And breaking new ground in consumer appeal. The Roller Sound Machine, for example, adds new excitement to products in its class. With its bold, original design and colours, the Roller has fast become a sell-out success among young music enthusiasts.

Another favourite among young trendsetters is our new Philishave Tracer cordless shaver. The Tracer combines a close perfect shaving action with ergonomic elements, high-speed design and go-anywhere portability. So it always provides a fast start to the day, at home or on the move.



A ROLLER SOUND MACHINE IS EXHIBITED IN THE NATIONAL MUSEUM FOR APPLIED ARTS, MUNICH, THE WORLD'S GREATEST DESIGN MUSEUM.

# You can feel the future in Philips design.

Products like the Roller and the Tracer are just two examples of Philips creativity to develop functional and attractive design concepts. Creativity that is equally applied in our other innovative products.

The result is a perfect combination of form and function. In many products that lead the way with innovative design trends. Products with a future. For the customers of today.

**Philips. The sure sign of innovation.**



**PHILIPS**

Products shown may vary, and may not be available in every country.  
Philips Corporate Marketing Communications, Eindhoven, the Netherlands.



## ARTS / LEISURE

## 'Kate's' Visual Poetry

By Robert Cushman

LONDON — Just as the National Theatre's "Guys and Dolls" was a valentine to Manhattan, so the Royal Shakespeare Company's "Kiss Me Kate" at Stratford-on-Avon is one to show business. Cole Porter's greatest score begins with "Another Opening, Another Show," the definitive number about the sweat and strain of rehearsal and first night. It finishes, more or less, with "Brush Up Your Shakespeare," in which a couple of gangsters celebrate the apocryphal qualities of the drama in general and the bard of Avon in particular.

They have wandered into a double Shakespearean musical. A version with songs of "The Taming of the Shrew" is being tried out in Baltimore, with its leading roles played by a tempestuous actor-manager and his estranged wife. As their first night proceeds they move further apart and then, of course, back together again. The backstage story parallels the onstage one. This is all brilliantly reflected in William Dudley's sets. Shakespeare's comic Italy is evoked by a delightful series of picture-book backdrops. Stratford, which has long specialized in earnest brutality, would never permit such pretentiousness in a real production but it does seem to suit the play very well.

Backstage Baltimore is more solid, but romantically so. Some of Dudley's compositions, involving a stage door complete with somnolent doorman, are visual poetry.

The musical staging by Broadway's Ron Fiel is not strikingly original, and some of the numbers go on too long, but it is energetic and affectionate and very well danced. Adrian Noble's production is not quite the perfect marriage of the British and American classical traditions that must have been hoped for; there are more musical specialists around than there are Shakespeareans. But it's pleasant, and rather touching, to find the RSC veteran Jeffery Dench in the role of Baptista.

Even in Shakespeare's play Baptista spends most of his time being amazed: Dench compounds that with his own air of spruce bewilderment at the crooks and hooters who invade his stage.



"Kiss Me Kate" gangsters: "Brush Up on Your Shakespeare."

Of the leads, Paul Jones is too light in voice and manner for the rambunctious ham the librettists had in mind, or for such a glorious comic aria as Petruchio's "Where is the Life That Late I Led" in which Porter rhymes "young and gay" with "Pompeii." But Jones, in general, makes up in wit what he lacks on weight. His Kate, Nicholas McAuliffe, is far more imperious as singer, actress, and comedienne, but her gifts have not yet come together.

The American Tim Flavin, late of "On Your Toes," has a Gene Kelly-ish ease and suppleness, and his solo number "Blanca" is the evening's highlight, though it is perversely denied a proper finish. Fiona Hendley is too standard a dumb blonde to do justice to the gold digger's "Always True to You in My Fashion." The Shakespearean-struck hoods, Emi Wolk and John Bardon, are respectively over-studied and gorgeously natural. Together they are irresistible. As is the show.

The National Theatre's latest American classic, Arthur Miller's "A View From the Bridge," begins with a group of men huddled together, plotting. One of them has his back to the camera. He turns, and is revealed as a strapping, pot-bellied, thick-jawed, rolling-gated Brooklyn tough. The image is perfect. It takes a moment to realize that this is also Michael Gambon, the master of British comic understatement with a dangerous edge.

A few years ago Gambon absconded from provincial force and domestic melodrama to play Lear and Galileo. They were not quite great performances, but he

emerged from them a great actor. He recently gave an astonishing television performance in Dennis Potter's "The Singing Detective," alternating laid-back elegance, funny-voice comic turns, and transfixing bursts of naked emotion. He can, it seems, do anything, and he does it with a grace and subtlety that is rare in modern drama. Eddie is one of the great monster-fathers of modern drama. Gambon never asks for our sympathy. He gets our fascination and our belief. So do the rest of the cast, mainly composed of little-known actors. They are directed by Alan Ayckbourn whose authoritative production seems to have surprised some people. It shouldn't. He has been running his own theater at Scarborough for years, and his comedies (in which Gambon first came to prominence) are, among other things, the work of a traditional theater professional who happens to have an unblinking eye for the truth: a repertory director par excellence.

## THE BRITISH STAGE

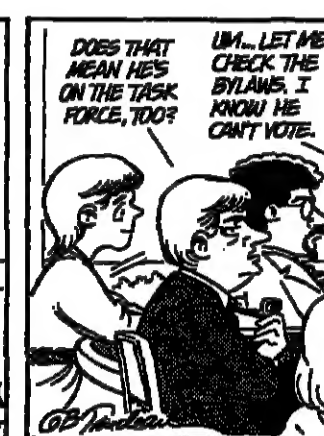
DOONESBURY

AND I'VE ALSO THANK YOU, DOCTOR. WELL, BARBARA ANN, CRUISES OF TEEN DELINQUENCY. THAT JUST LEAVES YOU!

HI, EVERYONE. I'M BARBARA ANN DOONESBURY. I'M AN ACTRESS, A SPIRITUAL YOUNGER, AND A CHANNELER. WHO SPEAKS FOR A REALLY GOOD-LOOKING 21,000-YEAR-OLD WARRIOR NAMED HUNK-RA!

DOES THAT MEAN YES ON THE TASK FORCE, TOO?

UM... LET ME CHECK THE BY-LINES. I KNOW HE CAN'T VOTE.



## General News

## How U.S., in Iceland, Improvised 'the Most Important Arms Proposal in History'

By Don Oberdorfer

Washington Post Service

WASHINGTON — The American proposal at Reykjavik to abolish all ballistic missiles within 10 years — "perhaps the most sweeping and important arms reduction proposal in the history of the world," President Ronald Reagan called it — was hurriedly drafted during a meeting with the Soviet foreign minister by two U.S. officials working on a yellow legal pad.

The hastily improvised idea, a response to the insistence of Foreign Minister Eduard A. Shevardnadze that the superpowers pledge to adhere to the 1972 Anti-Ballistic Missile Treaty for 10 more years, was passed by its authors up the table to the U.S. national security adviser, Vice Admiral John M. Poindexter, who handed it on to Secretary of State George P. Shultz.

Just after 2 P.M. on Sunday, Oct. 12, at Hofdi House in Reykjavik, Mr. Shultz read aloud the handwork of the two aides, the assistant secretary of defense, Richard N. Perle, and the National Security Council arms expert, Robert B. Linhard.

Mr. Shultz told the Soviet officials in the room that it was an unofficial idea from the U.S. side. About 30 minutes later, the proposal was submitted to Mr. Reagan for his approval. Within a half-hour, he had submitted the idea to the Soviet leader, Mikhail S. Gorbachev.

Interviews with U.S. and Soviet officials who took part in the Reykjavik talks produced these and other new details of what happened at that most unusual of Soviet-American summit meetings. These interviews, plus study of the Soviet proposal presented by Mr. Gorbachev to Mr. Reagan, which has only now been made public, indicates that the Soviets were more thoroughly prepared, and the Americans were less prepared and more willing to improvise, than previously realized.

The historical significance of the Reykjavik meeting is likely to be substantial, though what will flow from it is still unknown. Unquestionably, it was one of the most controversial, and most bizarre, negotiations by powerful heads of state in modern times.

DURING 15 hours of discussion, Mr. Reagan and Mr. Gorbachev exchanged plans for the elimination of most or all of their nuclear arsenals, the underpinning of international power in the nuclear age. They did this in a most personal fashion, with relatively little participation of aides or allies.

Mr. Reagan and his aides came to Reykjavik expecting to spend most of their time negotiating on medium-range missiles in Europe and on nuclear testing. In the first meeting with Mr. Reagan on the morning of Oct. 11, Mr. Gorbachev made it clear that he had come to do business on a far broader agenda.

After a 51-minute session involving only the two leaders, Mr. Shultz and Mr. Shevardnadze joined the meeting. Mr. Gorbachev read aloud a three-page paper covering every element of the ongoing arms control talks in Geneva.

The document, handed over in an English-language version to the Americans, was in the form of a directive to be issued Sunday afternoon by Mr. Reagan and Mr. Gorbachev to their two foreign ministers. It outlined, point by point, "principles" to be applied by Mr. Shultz and Mr. Shevardnadze to a series of wide-ranging agreements and treaties to be prepared for signing by the two leaders during a forthcoming visit by Mr. Gorbachev to Washington.



Ronald Reagan and Mikhail Gorbachev after the Reykjavik talks broke down.

Mr. Gorbachev's proposals were sweeping, including a 50 percent cut in offensive strategic arms, total elimination of intermediate-range missiles based in Europe and new negotiations on a ban on nuclear testing. His initial presentation offered such major concessions as dropping British and French missiles from the superpower agenda and agreeing to reduce the biggest Soviet land-based missiles.

At the same time, Mr. Gorbachev proposed nonwithdrawal from the ABM treaty for 10 years and strict limits on Strategic Defense Initiative research and testing. The nature of his plan indicated that he would insist on the defensive limits, which Mr. Reagan would find difficult to accept, as the price of a deal on offensive arms.

"He's brought a whole lot of proposals but I'm afraid he's going after SDI," Mr. Reagan told his advisers.

On Saturday evening, experts from both sides began talks that lasted all night. They agreed to new limits on intermediate- and intermediate-range weapons. The Soviets made more concessions, including proposing a new way to count intercontinental bombers that would allow the United States to maintain its considerable advantage in that category.

The experts paved the way for Mr. Reagan and Mr. Gorbachev to agree on eliminating all medium-range missiles in Europe and limiting them to 100 on the Soviet side in Asia. They also came close to agreement on a vague formula for a test ban, calling for more negotiations. But they made no headway on the question of the ABM treaty and defensive arms.

The meeting on Sunday morning, which had been scheduled to be the last, stalled on this issue. It ran 90 minutes overtime, until 1:30 P.M. Mr. Reagan and Mr. Gorbachev agreed to meet again at 3 P.M.

Mr. Shultz summoned five senior members of the U.S. arms team as Mr. Reagan left Hofdi House for lunch. "We're at a very serious impasse," said the secretary, explaining that the

tough issue was SDI and that Mr. Reagan was determined not to cripple it.

The U.S. team had no plan ready to deal effectively with the demand for a 10-year adherence to the ABM treaty, under a strict interpretation of what could be tested during that time. And Mr. Shultz and his advisers — Admiral Poindexter, Mr. Perle, Mr. Linhard, the special arms adviser Paul H. Nitze, and the Geneva arms negotiator Max Kampelman — had little time to talk before Mr. Shevardnadze and his aides arrived.

Mr. Shultz began by speaking of several relatively minor issues still pending for decision, but according to a U.S. participant, Mr. Shevardnadze cut him off.

According to this participant, the Soviet foreign minister insisted that "there's one issue before us — whether or not the president is prepared to agree on a period of time, 10 years, when there will be no withdrawal from the ABM treaty and strict adherence to its terms." If this could be agreed, Mr. Shevardnadze said, then other issues can be solved, but if not, "there'll be no agreement on anything."

At one end of the table, Mr. Linhard and Mr. Perle were whispering to one another and writing on a notepad as Mr. Shevardnadze spoke. After a minute or two, they passed their piece of paper to Admiral Poindexter, who read it and handed it to Mr. Shultz. The secretary paused, read it carefully and gave it to Mr. Nitze and Mr. Kampelman for their opinion. None of the Americans objected.

"You've seen some writing at that end of the table," Mr. Shultz announced to the Soviet team. "This is an effort by some of us here to see if we can't break the impasse." He added that he did not have permission from Mr. Reagan to present the idea they were working on "and when he hears of this he may hit my head against the wall," but that he was prepared to discuss it with the understanding it was not an official U.S. proposal.

Mr. Shultz then read from the scrap of paper that the two sides should agree to adhere to the ABM treaty for five years while strategic nuclear arsenals were being cut by 50 percent.

He did not specify just what he meant by adhering to the treaty, an important issue because the Reagan administration has claimed since 1985 that the treaty was an anti-missile pact to permit nearly unlimited research and testing on space-based defensive weapons, while the Soviets insisted that it could not.

Adherence to the ABM treaty would continue for a second five years, Mr. Shultz said, if all remaining offensive ballistic missiles were being eliminated during that time. At the end of the 10 years, with all offensive ballistic missiles destroyed, either side would be free to deploy anti-missile defenses.

The Linhard-Perle idea was an improvisation that grew out of earlier discussions within the administration and with the Soviets.

In July, Mr. Reagan and his aides agreed on a plan to offer a 7½-year period of non-withdrawal from the ABM treaty in several phases, with the right to deploy an anti-missile defense at the end of this time. In a key feature, the proposal would have required that a nation proposing to deploy a defensive system would have to offer a plan for the elimination of all offensive ballistic missiles.

No timetable was attached to this first "zero ballistic missiles" idea, which according to a senior official originated with Defense Secretary Caspar W. Weinberger and his aides.

The idea scribbled out at Reykjavik went far beyond the July version. All the hedges disappeared. The Perle-Linhard proposal set a deadline for the removal of all missiles to coincide with a period of 10 years in which neither side would deploy space-based defenses.

Mr. Shevardnadze replied to Mr. Shultz's presentation with an expression of doubt that Mr. Gorbachev could accept the proposal, particularly because it would allow deployment of strategic defenses after 10 years. But he said,

according to a U.S. account, that the idea was worth exploring.

The meeting broke up. Mr. Reagan had returned to Hofdi House to prepare for the last meeting with Mr. Gorbachev, and the U.S. side held a caucus.

Admiral Poindexter, opened it, explaining that the United States had offered Mr. Shevardnadze some ideas that were clearly identified as tentative, not yet approved by the president, according to a U.S. official.

However, in presenting the Perle-Linhard version to Mr. Reagan, his aides seemed mindful that they were close to the sensitive subject of limitations on his cherished SDI program.

"Poindexter and Shultz handled it very gingerly," said a participant. "Ronald Reagan at that moment seemed a very stubborn man being handled with great sensitivity by his aides."

According to participants in the meeting, Mr. Reagan asked if he understood correctly that this would mean elimination of all Soviet SS-16s — the giant "heavy missiles" that are often described as the most serious threat to U.S. land-based and submarine-based ballistic missiles. He was told that was correct.

In that case, the nature of the threat to the United States would have changed, Mr. Reagan observed, seeming to suggest a justification for the hiatus in SDI deployment.

"This strikes me as rather imaginative," Mr. Reagan said, but he wondered if it were practical. He turned to Mr. Perle and asked if the United States could eliminate its ballistic missiles so quickly.

"I think we can," responded Mr. Perle. Mr. Reagan seemed intrigued. He did not say, however, whether he was going to submit the proposal formally because at this point the door opened and walked Mr. Gorbachev.

Mr. Reagan went into his final meeting with the Soviet leader carrying the proposal on the same scrap of paper where it had been handwritten less than an hour before.

Accompanied only by their foreign ministers and interpreters and a note-taker on each side, Mr. Reagan and Mr. Gorbachev ventured into unknown territory. Instead of discussing 50 percent reductions in strategic arms — an idea that had seemed impossibly ambitious not long ago — Mr. Reagan now formally proposed to eliminate all offensive ballistic missiles in 10 years.

Mr. Gorbachev presented a counterproposal to eliminate all "offensive strategic arms" in the 10-year period, a formulation that would have added cruise missiles and long-range bombers to ballistic missiles.

At some point, according to official statements from both Washington and Moscow, Mr. Gorbachev said he was willing to eliminate all nuclear weapons of any type, including short-range weapons and gravity bombs, and Mr. Reagan responded that the elimination of nuclear weapons had always been his goal.

Subsequently a debate broke out over just what the two leaders said or agreed to in these tense moments. The Soviets have insisted that Mr. Reagan did say he was prepared to negotiate an agreement to eliminate all nuclear weapons, a formulation that Mr. Reagan himself used in a post-Reykjavik discussion with key members of Congress.

However, a U.S. official who has talked to Mr. Reagan about the issue and who has researched just what was said in the final Reagan-Gorbachev session said that Mr. Reagan "had

no intention of eliminating all nuclear weapons in 10 years," though he favored total elimination over a long and undetermined period of time.

AFTER more than an hour of inconclusive discussion, the two leaders recessed to consult their experts. Mr. Reagan instructed his aides to make cosmetic changes in the U.S. position while sticking to the substance of the original plan.

The revised U.S. proposal contained one slight modification in substance — that after 10 years of compliance with the ABM treaty, either side could deploy anti-missile defenses, in effect breaking out of the treaty — "unless the parties agreed otherwise." The United States had earlier proposed that either side "would be free to deploy defenses" as it wished after 10 years.

When the meeting resumed, Mr. Gorbachev made clear he had little use for either formulation, taking the position that the two nations would continue to be bound by the ABM treaty, even after 10 years.

Mr. Gorbachev concentrated on limiting SDI research, development and testing during the 10-year period of ABM treaty adherence being discussed. His Saturday morning proposal called for research and testing of space-based elements to be restricted to "laboratories." Mr. Gorbachev insisted that Mr. Reagan agree to this forthwith.

Mr. Reagan countered that the issue of the limits of space-based testing should be sent to U.S. and Soviet experts at Geneva or resolved at a summit meeting in Washington.

Mr. Gorbachev disagreed. "It would have taken a madman to accept" SDI research and testing outside the laboratory while offensive weapons were being reduced, Mr. Gorbachev said later that day.

It was nearly 7 P.M.; the meeting had been scheduled to end at noon. The two leaders were putting the full weight of their arguments and their powerful offices on the line, speaking with great intensity about two words, "laboratory testing." Both leaders realized the words symbolized much more — a new arms race in space, in the Soviet view, or a technological promise of nuclear safety, in Mr. Reagan's.

FINALLY Mr. Gorbachev said, according to a U.S. account, that he could not agree to SDI testing beyond the laboratory. In response, Mr. Reagan closed his briefcase and stood up. The meeting was over.

In the months since, Washington and Moscow have accused each other of backing away from statements made at Reykjavik. Senior U.S. and Soviet officials have been unable to restore the momentum toward major agreements that was evident toward the Reykjavik meeting broke down.

And yet the two leaders did establish numerous new benchmarks in Iceland. The positions they took on strategic and intermediate-range arms and nuclear testing moved the two nations toward practical agreements of major significance. Their willingness to consider limits on space-based research and testing under the ABM treaty established a basis for a possible deal in the future.

And their discussion of eliminating all ballistic missiles, or all strategic arms, or all nuclear weapons, set a new standard for either ambition or cynicism, with repercussions that continue to this day.

## Price's Rare 'Norma' Lacks Bite

By Henry Pleasants

LONDON — If last month's "Otello" with Placido Domingo at the Royal Opera House, Covent Garden, was a grand operatic occasion, which it certainly was, then last week's new "Norma" with Margaret Price singing her first London Norma was just as certainly a grand operatic event.

What made it so special was the rarity of the Welsh soprano's appearances in her native Britain. She has been for more than two decades arguably the finest British soprano, but she has chosen to base herself in Munich, singing mostly there and elsewhere in central Europe, with occasional excursions to Milan, Paris, New York, San Francisco, Chicago, Washington and London.

What brings her back to Covent Garden is a new production of an opera of her own choice, the most challenging and the most taxing in the soprano repertoire. Her decision has prompted a pun to the effect that she returned because the price was right. Last Tuesday's premiere left some doubts.

Throughout a distinguished career stretching back 25 years to a debut as Cherubino with the

Welsh National Opera in 1962, Price has been primarily a Mozartian and a Verdian, most conspicuously and successfully the former. To both Mozart and Verdi she brings a lovely voice of extensive compass, managed with exemplary vocalism.

She brings these attributes to Bellini, too, and her Norma is as beautifully sung as one expected it to be, discounting some evidence of first night tension in the early scenes. But Bellini, in "Norma," requires more than *bel canto*, and Price's projection of the widely ranging emotions arising from her heroine's predicament did not sustain inevitable comparison with the accomplishments of such illustrious predecessors as Rosa Ponselle, Gipsy Cigna, Joan Sutherland and, of course, Maria Callas, either vocally or histrionically. The voice lacks the grain and the bite, and so does the temperament.

She was not much helped by John Copley's traditional production, inoffensive, but also largely ineffective, the confrontations awkwardly and statically staged against Robin Day's rather ugly neo-Bayreuth basic set. But there was valuable assistance from Alicia

Nafé's Adalgisa, and the "Mira, o Norma" duet finally brought the house down. Fine collaborations, too, from Sir John Pritchard and the orchestra.

The English National Opera has brought to the Coliseum Jonathan Miller's new production of "Tosca." First seen in Florence last summer, updating the opera to wartime Rome, and succeeding only in making "Tosca" seem more like the "shabby little shocker" that the American musicologist Joseph Kerman, in "Opera as Drama," said it was. It is well enough sung and played by Joseph Barstow as Tosca, Neil Howlett as Scarpia and Eduardo Alvarez as Cavaradossi, but to little avail against Miller's production and Stefanos Lazaridis's shabby basic set.

"Norma," Royal Opera: Feb. 23, 28, March 5 and 10; "Tosca," English National Opera, Feb. 18, 21, 25, March 10, 13, 18, 21, 27, 31, April 3 and 9.

Henry Pleasants is a London-based author and critic who specializes in music and opera.

## Superstar at His Best

By David Stevens

International Herald Tribune

PARIS — When it comes to Donizetti's "L'Elisir d'Amore," the first question usually is who was the tenor and how did he sing "Una furtiva lagrima."

The answers Monday at the Opéra were Luciano Pavarotti and very well, thank you — with enough caressing beauty of tone and phrase to unleash a sustained wave of applause and a rising chorus of shouts for a his, finally yielding that all but extinct opera-house phenomenon — an encore.

But this was only part of a performance that showed the superstar tenor at his current best in a part that suits him in every way. As the village bumpkin convinced that the elixir peddled by an itinerant

quack will make him lovable, he acted with a relaxed and disarming comic naturalness. Vocally, despite the occasional rough passage, this was singing very much in the *tenore di grazia* tradition, with a greater amplitude and thrust than this role usually gets.

There are two things at work here. One is the Pavarotti's extraordinary gift for communicating with the public — almost any public. As Nemorino, the "bordone" wine he thinks is a love potion makes him so endeavoring to himself that no one within sight or hearing can escape the embrace. And professionally, Pavarotti — at 51 and after more than 25 years of career — is reaping the benefits of prudent management of his voice, despite the exertions of Madison Square Garden



Pavarotti and Bacquier in Paris "L'Elisir d'Amore."

extravaganzas and the like. He has sung relatively few roles — about 24 so far — and approached the heavier ones carefully indeed, with the result that he can still sing, as here, a lyric role he first did more than 20 years ago. He is vocally surely on the downhill side of his career, but it looks like being a gentle slope.

On the other hand, one reason the conductor, Marcello Panni, might have been willing, even relieved, to let Pavarotti repeat "Una furtiva lagrima" was that up to then it had been a rough evening. Panni did not often seem to be in control of things. Fit-stage coordination fluctuated wildly, and the orchestra at times played with all the roughness, but little of the gusto, of a pick-up village band — no way to treat one of Donizetti's enduring comic masterpieces, delicate and emotionally sincere.

Georg Rothering's reconstruction of Otto Schenk's staging (origi-

inally for the 1973 Vienna Festival) was heavy handed.

Not that Pavarotti did not have formidable colleagues. Daniela Mazzucato, one of Italy's rising young lyric sopranos, was a per and touching Adina, and her "Prendi, per me sei libero" did not pale even in the immediate wake of the tenor's show-stopping. Gabriel Bacquier, a master singing comedian, was the expert Dulesmiera, but the staging made him into more of a dirty old man than an engaging old friend. Bernd Weikl is a formidable baritone, but he now sings things like Hans Sachs and should leave this repertory alone; in any case his Sergeant Belcorse was all bluster and no charm and musically heavy and inflexible.

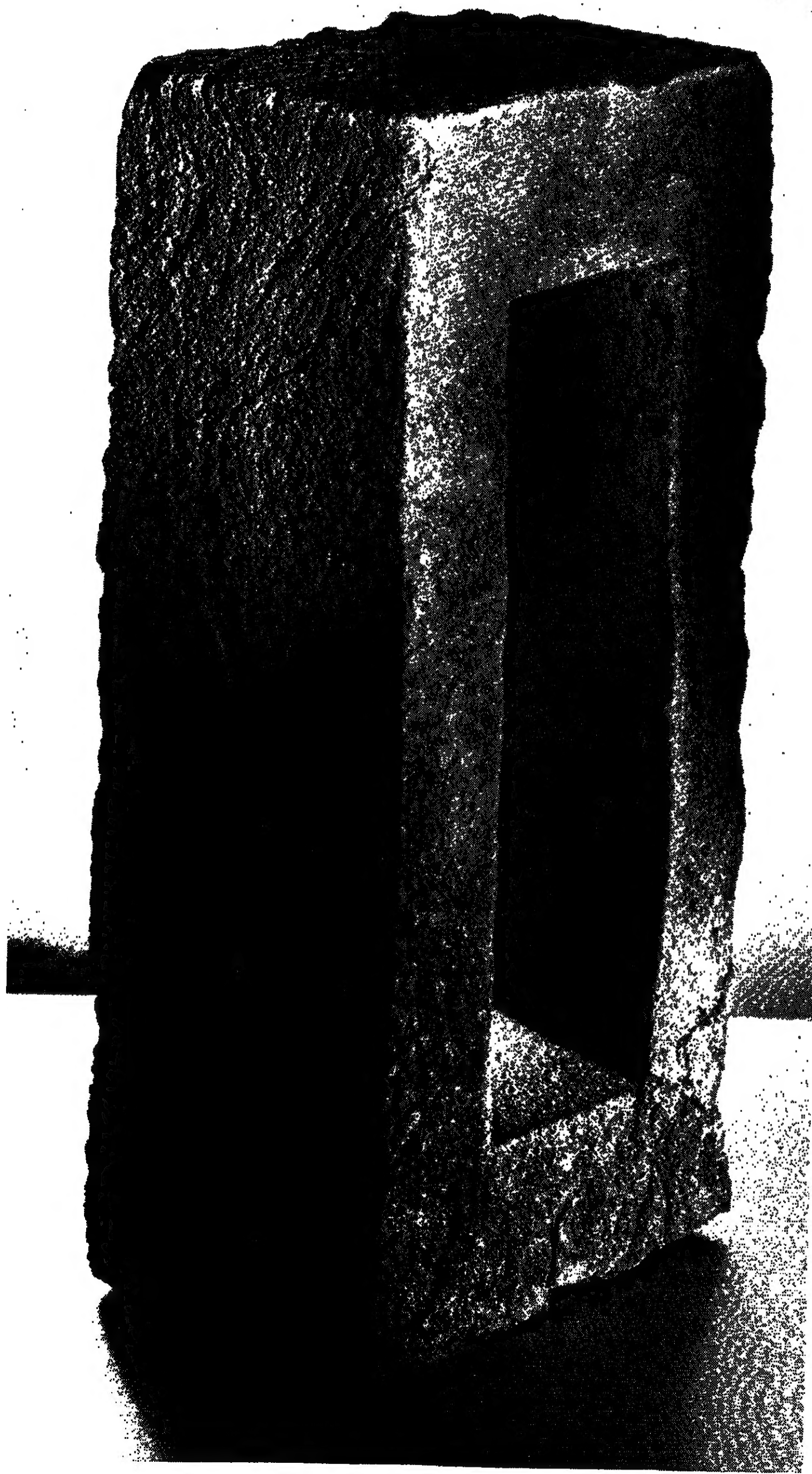
"L'Elisir d'Amore," Paris Opéra, Feb. 19, 22, 24, 27, March 3, 5, 7, 12 and 18. Cost changes in March: Christine Barbanès as Adina, Doro Ruffaut as Nemorino and Gino Quilico as Belcorse.







# IT COULD TEACH YOU MORE THAN 3 MONTHS AT THE HARVARD BUSINESS SCHOOL.



A lump of baked clay does, we must admit, make a rather unusual tutor of business management techniques.

But wait. That brick is a Butterley brick.

And as Butterley has been part of Hanson Trust for nigh on 19 years, it is the perfect guide to the way we develop our businesses for our shareholders' benefit.

When we acquired Butterley its profits were modest. (Some £300,000.)

Its headquarters were huge. (Ripley, Derbyshire.)

And its management somewhat under-strength. (3 men and no dog.)

First off, we plucked the brightest employees from the ranks and gave them something they'd never had: responsibility.

Since the streets of Ripley are hardly thronged with architects (Butterley's main customers), they decided to open show-rooms in more accessible climes such as Covent Garden.

They decided to add colour to the Butterley range by using clays from as far afield as Caernarvon.

And they decided to increase output by buying and modernising many run-down brick kilns.

Now if you're wondering what part Hanson Trust can claim in Butterley's revival the honest answer is very little.

True, we impose strict financial controls.

True, we vet every item of capital expenditure.

And true, we make sure that bonuses are not payable to the management unless shareholders receive high returns.

But, above all, we believe that managers should be left to run their own businesses. And our belief is endorsed by the facts.

Butterley's profits have risen from £300,000 to over £20,000,000.

Furthermore, Butterley's managers are achieving profit margins well in excess of 25%.

And to the best of our knowledge, not one of them has attended Harvard.



## H A N S O N T R U S T

A company from over here that's also doing rather well over there.

Panasonic

INTERNATIONAL

Despite Risks, J

U.K. Warm

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy

U.S. Economy



Panasonic  
Office Automation

Herald Tribune

## BUSINESS/FINANCE

Panasonic  
Office Automation

WEDNESDAY, FEBRUARY 18, 1987

Page 11

## INTERNATIONAL MANAGER

Despite Risks, Managers  
In U.K. Warm to Buyouts

By SHERRY BUCHANAN

International Herald Tribune

LONDON — U.S. managers eager to run their own show and to make some real money have long been buying the companies they work for. British managers have followed, although on a smaller scale. But other European managers have been less willing to take the risk.

"There is considerable risk involved," said Frank Andrew, managing director of Mallinson-Denny, a timber multinational, after Unilever took over Brooke Bond Group PLC, Mallinson's parent company. Last month he completed a sellout of Mallinson-Denny to Hillsdown Holdings Ltd., a rapidly expanding British general trading and food group.

"Basically I had to pledge my house to raise the money to buy the shares," Mr. Andrew said. "What was the risk? That I would be out on the street."

Between 1982 and 1986, according to the Center for Management Buyout Research at the University of Nottingham, Britain had 950 buyouts. During the same period, according to research done at the European Institute of Business Administration in Fontainebleau, France, there were only 125 management buyouts in the Netherlands, 30 in Belgium, 27 in Norway, 10 each in Sweden and Italy, 9 in West Germany, 4 in Denmark and none in Spain or Austria. No figures were available for France and Switzerland.

There are many financial and personal risks before, during and after a buyout, as well as some tough management decisions to make.

"Managers can be fired once they open negotiations with their employer," said Alec D'Amico, a partner with Coopers & Lybrand in London, an accounting firm that advises management teams on buyouts. "There is a risk and you have to have guts and stamina."

Managers can be fired on the grounds of breach of confidentiality because they have given financial information about the company to banks and other potential investors or for using company time for their own private use.

ONE difficult management decision is in selecting the team that will run the business once the buyout is completed. That often involves asking some top managers who do not fit in with the business plan to go.

"I had to tighten the team, so I selected those of us who were fundamental to the continuation of the business," said Mr. Andrew. "Some went back to the parent company, others had to go. The main thing is not to let them go with clouds hanging over them."

Once the buyout is completed, managers often have to let go of more people, especially if the business has suffered during the buyout. That is often the case, because of the time and energy top management has to spend on negotiating with the employer, the banks and other institutional investors rather than on the day-to-day business.

But, according to the Center for Management Buyout Research, buyouts do not cut jobs. Of the buyouts surveyed between 1979 and 1983, 44 percent of the companies reduced their full-time staff at the time of the buyout, which resulted in an 18.1 percent decline in employment. However, at the end of the period, the same companies had increased jobs by a total of 11.3 percent.

Ken Robble, a research fellow at the center, estimates that for the period between 1983 to 1986, buyouts have created even more jobs.

Another management problem is how to motivate middle management. See BUYOUTS, Page 14

## Currency Rates

Cross Rates	U.S.	Swiss	West German	Japanese	French	British	Italian	Spanish	Portuguese	Belgian	Dutch	Austrian	Scandinavian	Other
London (3)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
New York (4)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Paris (5)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Frankfurt (6)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Amsterdam (7)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Brussels (8)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Stockholm (9)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Copenhagen (10)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Oslo (11)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Stockholm (12)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Oslo (13)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Stockholm (14)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Oslo (15)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Stockholm (16)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Oslo (17)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Stockholm (18)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Oslo (19)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Stockholm (20)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52

Other Dollar Values	U.S.	Swiss	West German	Japanese	French	British	Italian	Spanish	Portuguese	Belgian	Dutch	Austrian	Scandinavian	Other
London (21)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
New York (22)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Paris (23)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Frankfurt (24)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Amsterdam (25)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Brussels (26)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Stockholm (27)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Copenhagen (28)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Oslo (29)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Stockholm (30)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Oslo (31)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Stockholm (32)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Oslo (33)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Stockholm (34)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Oslo (35)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Stockholm (36)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Oslo (37)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Stockholm (38)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Oslo (39)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Stockholm (40)	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52

Sources: Reuters, Bank of Tokyo, Citicorp, Deutsche Bank, etc. (2) U.S. dollar rates are quoted in U.S. dollars. (3) U.S. dollar rates are quoted in U.S. dollars. (4) U.S. dollar rates are quoted in U.S. dollars. (5) U.S. dollar rates are quoted in U.S. dollars. (6) U.S. dollar rates are quoted in U.S. dollars. (7) U.S. dollar rates are quoted in U.S. dollars. (8) U.S. dollar rates are quoted in U.S. dollars. (9) U.S. dollar rates are quoted in U.S. dollars. (10) U.S. dollar rates are quoted in U.S. dollars. (11) U.S. dollar rates are quoted in U.S. dollars. (12) U.S. dollar rates are quoted in U.S. dollars. (13) U.S. dollar rates are quoted in U.S. dollars. (14) U.S. dollar rates are quoted in U.S. dollars. (15) U.S. dollar rates are quoted in U.S. dollars. (16) U.S. dollar rates are quoted in U.S. dollars. (17) U.S. dollar rates are quoted in U.S. dollars. (18) U.S. dollar rates are quoted in U.S. dollars. (19) U.S. dollar rates are quoted in U.S. dollars. (20) U.S. dollar rates are quoted in U.S. dollars. (21) U.S. dollar rates are quoted in U.S. dollars. (22) U.S. dollar rates are quoted in U.S. dollars. (23) U.S. dollar rates are quoted in U.S. dollars. (24) U.S. dollar rates are quoted in U.S. dollars. (25) U.S. dollar rates are quoted in U.S. dollars. (26) U.S. dollar rates are quoted in U.S. dollars. (27) U.S. dollar rates are quoted in U.S. dollars. (28) U.S. dollar rates are quoted in U.S. dollars. (29) U.S. dollar rates are quoted in U.S. dollars. (30) U.S. dollar rates are quoted in U.S. dollars. (31) U.S. dollar rates are quoted in U.S. dollars. (32) U.S. dollar rates are quoted in U.S. dollars. (33) U.S. dollar rates are quoted in U.S. dollars. (34) U.S. dollar rates are quoted in U.S. dollars. (35) U.S. dollar rates are quoted in U.S. dollars. (36) U.S. dollar rates are quoted in U.S. dollars. (37) U.S. dollar rates are quoted in U.S. dollars. (38) U.S. dollar rates are quoted in U.S. dollars. (39) U.S. dollar rates are quoted in U.S. dollars. (40) U.S. dollar rates are quoted in U.S. dollars. (41) U.S. dollar rates are quoted in U.S. dollars. (42) U.S. dollar rates are quoted in U.S. dollars. (43) U.S. dollar rates are quoted in U.S. dollars. (44) U.S. dollar rates are quoted in U.S. dollars. (45) U.S. dollar rates are quoted in U.S. dollars. (46) U.S. dollar rates are quoted in U.S. dollars. (47) U.S. dollar rates are quoted in U.S. dollars. (48) U.S. dollar rates are quoted in U.S. dollars. (49) U.S. dollar rates are quoted in U.S. dollars. (50) U.S. dollar rates are quoted in U.S. dollars. (51) U.S. dollar rates are quoted in U.S. dollars. (52) U.S. dollar rates are quoted in U.S. dollars. (53) U.S. dollar rates are quoted in U.S. dollars. (54) U.S. dollar rates are quoted in U.S. dollars. (55) U.S. dollar rates are quoted in U.S. dollars. (56) U.S. dollar rates are quoted in U.S. dollars. (57) U.S. dollar rates are quoted in U.S. dollars. (58) U.S. dollar rates are quoted in U.S. dollars. (59) U.S. dollar rates are quoted in U.S. dollars. (60) U.S. dollar rates are quoted in U.S. dollars. (61) U.S. dollar rates are quoted in U.S. dollars. (62) U.S. dollar rates are quoted in U.S. dollars. (63) U.S. dollar rates are quoted in U.S. dollars. (64) U.S. dollar rates are quoted in U.S. dollars. (65) U.S. dollar rates are quoted in U.S. dollars. (66) U.S. dollar rates are quoted in U.S. dollars. (67) U.S. dollar rates are quoted in U.S. dollars. (68) U.S. dollar rates are quoted in U.S. dollars. (69) U.S. dollar rates are quoted in U.S. dollars. (70) U.S. dollar rates are quoted in U.S. dollars. (71) U.S. dollar rates are quoted in U.S. dollars. (72) U.S. dollar rates are quoted in U.S. dollars. (73) U.S. dollar rates are quoted in U.S. dollars. (74) U.S. dollar rates are quoted in U.S. dollars. (75) U.S. dollar rates are quoted in U.S. dollars. (76) U.S. dollar rates are quoted in U.S. dollars. (77) U.S. dollar rates are quoted in U.S. dollars. (78) U.S. dollar rates are quoted in U.S. dollars. (79) U.S. dollar rates are quoted in U.S. dollars. (80) U.S. dollar rates are quoted in U.S. dollars. (81) U.S. dollar rates are quoted in U.S. dollars. (82) U.S. dollar rates are quoted in U.S. dollars. (83) U.S. dollar rates are quoted in U.S. dollars. (84) U.S. dollar rates are quoted in U.S. dollars. (85) U.S. dollar rates are quoted in U.S. dollars. (86) U.S. dollar rates are quoted in U.S. dollars. (87) U.S. dollar rates are quoted in U.S. dollars. (88) U.S. dollar rates are quoted in U.S. dollars. (89) U.S. dollar rates are quoted in U.S. dollars. (90) U.S. dollar rates are quoted in U.S. dollars. (91) U.S. dollar rates are quoted in U.S. dollars. (92) U.S. dollar rates are quoted in U.S. dollars. (93) U.S. dollar rates are quoted in U.S. dollars. (94) U.S. dollar rates are quoted in U.S. dollars. (95) U.S. dollar rates are quoted in U.S. dollars. (96) U.S. dollar rates are quoted in U.S. dollars. (97) U.S. dollar rates are quoted in U.S. dollars. (98) U.S. dollar rates are quoted in U.S. dollars. (99) U.S. dollar rates are quoted in U.S. dollars. (100) U.S. dollar rates are quoted in U.S. dollars. (101) U.S. dollar rates are quoted in U.S. dollars. (102) U.S. dollar rates are quoted in U.S. dollars. (103) U.S. dollar rates are quoted in U.S. dollars. (104) U.S. dollar rates are quoted in U.S. dollars. (105) U.S. dollar rates are quoted in U.S. dollars. (106) U.S. dollar rates are quoted in U.S. dollars. (107) U.S. dollar rates are quoted in U.S. dollars. (108) U.S. dollar rates are quoted in U.S. dollars. (109) U.S. dollar rates are quoted in U.S. dollars. (110) U.S. dollar rates are quoted in U.S. dollars. (111) U.S. dollar rates are quoted in U.S. dollars. (112) U.S. dollar rates are quoted in U.S. dollars. (113) U.S. dollar rates are quoted in U.S. dollars. (114) U.S. dollar rates are quoted in U.S. dollars. (115) U.S. dollar rates are quoted in U.S. dollars. (116) U.S. dollar rates are quoted in U.S. dollars. (117) U.S. dollar rates are quoted in U.S. dollars. (118) U.S. dollar rates are quoted in U.S. dollars. (119) U.S. dollar rates are quoted in U.S. dollars. (120) U.S. dollar rates are quoted in U.S. dollars. (121) U.S. dollar rates are quoted in U.S. dollars. (122) U.S. dollar rates are quoted in U.S. dollars. (123) U.S. dollar rates are quoted in U.S. dollars. (124) U.S. dollar rates are quoted in U.S. dollars. (125) U.S. dollar rates are quoted in U.S. dollars. (126) U.S. dollar rates are quoted in U.S. dollars. (127) U.S. dollar rates are quoted in U.S. dollars. (128) U.S. dollar rates are quoted in U.S. dollars. (129) U.S. dollar rates are quoted in U.S. dollars. (130) U.S. dollar rates are quoted in U.S. dollars. (131) U.S. dollar rates are quoted in U.S. dollars. (132) U.S. dollar rates are quoted in U.S. dollars. (133) U.S. dollar rates are quoted in U.S. dollars. (134) U.S. dollar rates are quoted in U.S. dollars. (135) U.S. dollar rates are quoted in U.S. dollars. (136) U.S. dollar rates are quoted in U.S. dollars. (137) U.S. dollar rates are quoted in U.S. dollars. (138) U.S. dollar rates are quoted in U.S. dollars. (139) U.S. dollar rates are quoted in U.S. dollars. (140) U.S. dollar rates are quoted in U.S. dollars. (141) U.S. dollar rates are quoted in U.S. dollars. (142) U.S. dollar rates are quoted in U.S. dollars. (143) U.S. dollar rates are quoted in U.S. dollars. (144) U.S. dollar rates are quoted in U.S. dollars. (145) U.S. dollar rates are quoted in U.S. dollars. (146) U.S. dollar rates are quoted in U.S. dollars. (147) U.S. dollar rates are quoted in U.S. dollars. (148) U.S. dollar rates are quoted in U.S. dollars. (149) U.S. dollar rates are quoted in U.S. dollars. (150) U.S. dollar rates are quoted in U.S. dollars. (151) U.S. dollar rates are quoted in U.S. dollars. (152) U.S. dollar rates are quoted in U.S. dollars. (153) U.S. dollar rates are quoted in U.S. dollars. (154) U.S. dollar rates are quoted in U.S. dollars. (155) U.S. dollar rates are quoted in U.S. dollars. (156) U.S. dollar rates are quoted in U.S. dollars. (157) U.S. dollar rates are quoted in U.S. dollars. (158) U.S. dollar rates are quoted in U.S. dollars. (159) U.S. dollar rates are quoted in U.S. dollars. (160) U.S. dollar rates are quoted in U.S. dollars. (161) U.S. dollar rates are quoted in U.S. dollars. (162) U.S. dollar rates are quoted in U.S. dollars. (163) U.S. dollar rates are quoted in U.S. dollars. (164) U.S. dollar rates are quoted in U.S. dollars. (165) U.S. dollar rates are quoted in U.S. dollars. (166) U.S. dollar rates are quoted in U.S. dollars. (167) U.S. dollar rates are quoted in U.S. dollars. (168) U.S. dollar rates are quoted in U.S. dollars. (169) U.S. dollar rates are quoted in U.S. dollars. (170) U.S. dollar rates are quoted in U.S. dollars. (171) U.S. dollar rates are quoted in U.S. dollars. (172) U.S. dollar rates are quoted in U.S. dollars. (173) U.S. dollar rates are quoted in U.S. dollars. (174) U.S. dollar rates are quoted in U.S. dollars. (175) U.S. dollar rates are quoted in U.S. dollars. (176) U.S. dollar rates are quoted in U.S. dollars. (177) U.S. dollar rates are quoted in U.S. dollars. (178) U.S. dollar rates are quoted in U.S. dollars. (179) U.S. dollar rates are quoted in U.S. dollars. (180) U.S. dollar rates are quoted in U.S. dollars. (181) U.S. dollar rates are quoted in U.S. dollars. (182) U.S. dollar rates are quoted in U.S. dollars. (183) U.S. dollar rates are quoted in U.S. dollars. (184) U.S. dollar rates are quoted in U.S. dollars. (185) U.S. dollar rates are quoted in U.S. dollars. (186) U.S. dollar rates are quoted in U.S. dollars. (187) U.S. dollar rates are quoted in U.S. dollars. (188) U.S. dollar rates are quoted in U.S. dollars. (189) U.S. dollar rates are quoted in U.S. dollars. (190) U.S. dollar rates are quoted in U.S. dollars. (191) U.S. dollar rates are quoted in U.S. dollars. (192) U.S. dollar rates are quoted in U.S. dollars. (193) U.S. dollar rates are quoted in U.S. dollars. (194) U.S. dollar rates are quoted in U.S. dollars. (195) U.S. dollar rates are quoted in U.S. dollars. (196) U.S. dollar rates are quoted in U.S. dollars. (197) U.S. dollar rates are quoted in U.S. dollars. (198) U.S. dollar rates are quoted in U.S. dollars. (199) U.S. dollar rates are quoted in U.S. dollars. (200) U.S. dollar rates are quoted in U.S. dollars. (201) U.S. dollar rates are quoted in U.S. dollars. (202) U.S. dollar rates are quoted in U.S. dollars. (203) U.S. dollar rates are quoted in U.S. dollars. (204) U.S. dollar rates are quoted in U.S. dollars. (205) U.S. dollar rates are quoted in U.S. dollars. (206) U.S. dollar rates are quoted in U.S. dollars. (207) U.S. dollar rates are quoted in U.S. dollars. (208) U.S. dollar rates are quoted in U.S. dollars. (209) U.S. dollar rates are quoted in U.S. dollars. (210) U.S. dollar rates are quoted in U.S. dollars. (211) U.S. dollar rates are quoted in U.S. dollars. (212) U.S. dollar rates are quoted in U.S. dollars. (213) U.S. dollar rates are quoted in U.S. dollars. (214) U.S. dollar rates are quoted in U.S. dollars. (215) U.S. dollar rates are quoted in U.S. dollars. (216) U.S. dollar rates are quoted in U.S. dollars. (217) U.S. dollar rates are quoted in U.S. dollars. (218) U.S. dollar rates are quoted in U.S. dollars. (219) U.S. dollar rates are quoted in U.S. dollars. (220) U.S. dollar rates are quoted in U.S. dollars. (221) U.S. dollar rates are quoted in U.S. dollars. (222) U.S. dollar rates are quoted in U.S. dollars. (223) U.S. dollar rates are quoted in U.S. dollars. (224) U.S. dollar rates are quoted in U.S. dollars. (225) U.S. dollar rates are quoted in U.S. dollars. (226) U.S. dollar rates are quoted in U.S. dollars. (227) U.S. dollar rates are quoted in U.S. dollars. (228) U.S. dollar rates are quoted in U.S. dollars. (229) U.S. dollar rates are quoted in U.S. dollars. (230) U.S. dollar rates are quoted in U.S. dollars. (231) U.S. dollar rates are quoted in U.S. dollars. (232) U.S. dollar rates are quoted in U.S. dollars. (233) U.S. dollar rates are quoted in U.S. dollars. (234) U.S. dollar rates are quoted in U.S. dollars. (235) U.S. dollar rates are quoted in U.S. dollars. (236) U.S. dollar rates are quoted in U.S. dollars. (237) U.S. dollar rates are quoted in U.S. dollars. (238) U.S. dollar rates are quoted in U.S. dollars. (239) U.S. dollar rates are quoted in U.S. dollars. (240) U.S. dollar rates are quoted in U.S. dollars. (241) U.S. dollar rates are quoted in U.S. dollars. (242) U.S. dollar rates are quoted in U.S. dollars. (243) U.S. dollar rates are quoted in U.S. dollars. (244) U.S. dollar rates are quoted in U.S. dollars. (245) U.S. dollar rates are quoted in U.S. dollars. (246) U.S. dollar rates are quoted in U.S. dollars. (247) U.S. dollar rates are quoted in U.S. dollars. (248) U.S. dollar rates are quoted in U.S. dollars. (249) U.S. dollar rates are quoted in U.S. dollars. (250) U.S. dollar rates are quoted in U.S. dollars. (251) U.S. dollar rates are quoted in U.S. dollars. (252) U.S. dollar rates are quoted in U.S. dollars. (253) U.S. dollar rates are quoted in U.S. dollars. (254) U.S. dollar rates are quoted in U.S. dollars. (255) U.S. dollar rates are quoted in U.S. dollars. (256) U.S. dollar rates are quoted in U.S. dollars. (257) U.S. dollar rates are quoted in U.S. dollars. (258) U.S. dollar rates are quoted in U.S. dollars. (259) U.S. dollar rates are quoted in U.S. dollars. (260) U.S. dollar rates are quoted in U.S. dollars. (261) U.S. dollar rates are quoted in U.S. dollars. (262) U.S. dollar rates are quoted in U.S. dollars. (263) U.S. dollar rates are quoted in U.S. dollars. (264) U.S. dollar rates are quoted in U.S. dollars. (265) U.S. dollar rates are quoted in U.S. dollars. (266) U.S. dollar rates are quoted in U.S. dollars. (267) U.S. dollar rates are quoted in U.S. dollars. (268) U.S. dollar rates are quoted in U.S. dollars. (269) U.S. dollar rates are quoted in U.S. dollars. (270) U.S. dollar rates are quoted in U.S. dollars. (271) U.S. dollar rates are quoted in U.S. dollars. (272) U.S. dollar rates are quoted in U.S. dollars. (273) U.S. dollar rates are quoted in U.S. dollars. (274) U.S. dollar rates are quoted in U.S. dollars. (275) U.S. dollar rates are quoted in U.S. dollars. (276) U.S. dollar rates are quoted in U.S. dollars. (277) U.S. dollar rates are quoted in U.S. dollars. (278) U.S. dollar rates are quoted in U.S. dollars. (279) U.S. dollar rates are quoted in U.S. dollars. (280) U.S. dollar rates are quoted in U.S. dollars. (281) U.S. dollar rates are quoted in U.S. dollars. (282) U.S. dollar rates are quoted in U.S. dollars. (283) U.S. dollar rates are quoted in U.S. dollars. (284) U.S. dollar rates are quoted in U.S.











## BUSINESS PEOPLE

## Fomon Relinquishes Chief's Title at E.F. Hutton

By Arthur Higbee  
International Herald Tribune

E.F. Hutton Group Inc., parent of one of the nation's largest brokerage houses, says that its chairman, Robert Fomon, has relinquished his role in the day-to-day management of the company.

Mr. Fomon, 62, will continue as chairman, the company said, but has stepped down as chairman of both the executive committee and its policy committee.

The announcement came three months after Robert P. Ritterbein, 46, Hutton's president and chief operating officer, became chief executive, a position Mr. Fomon had held since 1970.

According to The New York Times, analysts said that the move

was prompted by a desire to avoid criticism at Hutton's annual meeting in April. They said shareholders still associate Mr. Fomon with a check-overdraft scandal that shook the firm in May, 1985, although he was not implicated.

Since then, there have been several management changes at Hutton, including the recruitment of Mr. Ritterbein from Merrill Lynch & Co. in June, 1985. Hutton also has reorganized its brokerage unit.

"Hutton has been trying to create a rebirth," said Perrin Long, an analyst with the Lipper Analytical Securities Corp. "And Mr. Fomon probably realized that his presence in day-to-day management is a serious impediment; that it's been an inhibiting factor in that rebirth."

The management change is expected to have no immediate impact. Mr. Ritterbein had been running the firm for more than a year before officially becoming its chief executive, people at the company have said.

In a statement, Mr. Ritterbein said that he was "delighted" Mr. Fomon was continuing as chairman. Mr. Fomon also said in a prepared statement that "the transition in leadership that I initiated almost two years ago is substantially complete. It is time to shift the reins to the new team."

International Business Machines Corp. of Armonk, New York, said Michael Quinlan has been named assistant group executive for plans

and controls for the IBM World Trade Asia/Pacific Group, headquartered in Tokyo. The post has been open since October when Richard T. Gensmer moved up to group executive in Tokyo. Mr. Quinlan, 45, a 25-year IBM veteran, will be succeeded as head of IBM marketing in the north-central United States by Robert La-bant, 41.

AB Volvo, the Swedish conglomerate, said its Volvo Penta subsidiary in Göteborg, which manufactures marine and industrial engines, had appointed Leif Strand as vice president and general manager for sales. Mr. Strand, previously with Volvo trucks, has been with the group since 1980.

## Hewlett Names Science Adviser

International Herald Tribune

GENEVA—Zvonko Fazekas, developer of computer-based teaching aids for university science programs, has been named senior scientific adviser for Europe by Hewlett-Packard Co., makers of electronic instruments and microcomputers.

Mr. Fazekas, 58, has been a Hewlett-Packard scientist for 22 years. He will represent Hewlett-Packard at European science conferences and work with European universities on using computers for teaching physics.

## BUYOUTS: U.K. Managers Increasingly Take the Risk

(Continued from first finance page)

managers once the buyout has been completed.

One school of thought is to tell middle managers that they can have shares in the company if they perform well.

"I don't advocate giving it to them up front," said Mr. D'Amico of Coopers & Lybrand. "It's the carrot approach. If they perform badly, then they wouldn't get shares in the company."

But others disagree. "That's 1930s-type management," said Mr. Andrew of Mallinson-Denny. "That's telling middle management: 'I've got my shares, if you're

a good boy, you'll get yours.' It doesn't work that way."

After the buyout, Mr. Andrews and his top management team offered shares to 180 people.

According to the Center for Management Buyout Research, the number of buyouts in Britain increased from 13 in 1977 to an estimated 248, valued at £1.44 billion (\$2.19 billion), in 1986. And the buyouts are bigger. Most of those from 1979 to 1983 were between £150,000 and £500,000. In 1986, most were over £5 million.

Mr. Robbie said that between 1979 and 1983, the main reason managers were buying out their companies was because the compa-

ny was going into receivership and they wanted to save their own necks. In 1986, only 2.1 percent of the buyouts were of companies going into receivership, compared with 21.1 percent in 1982.

"We are in a different stage now," he said. "Managers are doing buyouts because they want to be able to control their own environment and their own talent and get away from the head office telling them what to do, not just because they are afraid of losing their jobs."

"I wanted to keep my company together," said Mr. Andrew of Mallinson-Denny. "I had spent five years building it up."

## Eurotunnel Resignations Said to Cloud Project

By Warren Guder

International Herald Tribune

LONDON—The resignations of two key directors from the Eurotunnel project have added to problems on the British side of the troubled venture, financial analysts said Tuesday.

But analysts said that the departure Monday of Sir Nigel Brookes as non-executive director of the British-French consortium, a week after Lord Penckock, the joint chairman, said he would resign, would not sink the "channel."

The £5 billion (\$7.5 billion) tunnel aims to link France and Britain with a 30-mile (48-kilometer) rail system that would handle conventional trains as well as a special shuttle to carry cars and other vehicles. The consortium had hoped to begin construction this fall, and complete the project in 1993.

Sir Nigel's resignation came less than five months after he joined the consortium, in October.

Lord Penckock is a senior director at Morgan Grenfell PLC, the merchant banking group that has been retained by the consortium to handle its financing and, analysts expect, to be resigned to concentrate more fully on problems there.

"Despite the shenanigans over at Eurotunnel's directorate, which have caused some nervousness in the City, nothing much has changed," said Charles Williams, an analyst with the brokerage firm James Capel & Co. in London.

"The key full-time British Eurotunnel executives are still in place," Mr. Williams said that although the departure of Sir Nigel means the loss of a dynamic force for the project, the continued presence of

Michael Julien, the tunnel's British deputy chief executive and finance chief, is what really counts with institutional investors in London who are being asked to fund the project.

Before Prime Minister Margaret Thatcher of Britain and President Francois Mitterrand of France decided in January 1986 to link the countries by tunnel, Sir Nigel had led a rival plan to build a cross-channel motorway. He is chairman of the Trafalgar House construction conglomerate.

At the urging of the Bank of England, he took up the non-executive advisory post last October to give the project a higher profile among British institutional investors, who proved less than enthusiastic about taking part in an initial share placement of £206 million earlier that month.

Eurotunnel net must raise £750 million in a public offering slated for July. The success of these two share offerings is a condition for raising the remaining £4 billion in credit from international banks.

There are no indications that "Sir Nigel is saying the project is dead and he's therefore backing out," said Mr. Williams, the Capel broker. "Rather, it appears that he and others could not agree on the appropriate role for himself at Eurotunnel."

Sir Nigel is said to have sought Lord Penckock's post. He was apparently widely opposed by British contractors, who feared Trafalgar House would obtain an unfairly large share of the Eurotunnel work, industry sources said.

Phil Raper, an analyst with Warburg Securities, said of Sir Nigel's

resignation: "There now appears to be a credibility gap. The resignation of Sir Nigel and Lord Penckock in themselves are not significant. But what is significant is they suggest there is a clear difference of opinion about the way things are to be organized at Eurotunnel."

"The first equity placement was not well stage-managed," Mr. Raper said. "The second placement, a much larger and more important operation, can only succeed," he added, if a "national figure" is appointed to rally confidence in the project among investors.

"The City was very badly prepared for the Eurotunnel issue by the project's managers," Mr. Williams said. "There was too little time between Mr. Julien's taking the post as finance chief in September and the initial offering in October."

Moreover, he said, "the City always has been ill at ease with the project, which will run up debts and not produce any return until 1994—the return on investment on the project is much longer than for most construction projects the City has funded in the past."

The financing problems have not been as acute in France, industry sources say, because French institutions backing the tunnel are primarily government-owned, and the government strongly favors the project.

The British government has expressed irritation about the City's resistance to investing in a project of Eurotunnel's complexity, claiming that institutions must be prepared for long-term investment and not always geared toward short-term gain.

Beyond the crucial question of private financing, Eurotunnel faces a number of other hurdles, including challenges by lobbying groups out to scuttle the project.

These groups contend variously that the project will either hurt the environment, cost jobs in existing ferry operations, or endanger travelers should automobile gas tanks catch fire.

Lawyer, 6 Others In U.S. Charged With Inside Trade

WASHINGTON—The U.S. Securities and Exchange Commission charged a New York lawyer and six of his friends and relatives Tuesday with illegally making \$1.5 million on a \$34,000 investment by using inside information about a restructuring plan at Colt Industries Inc.

Ira Grossman, 34, was arrested at his law office in New York. In a civil complaint filed in U.S. District Court in New York, the SEC said he had learned of the Colt recapitalization plan through his firm, Kramer, Levin, Nesken, Kamin & Frankel, which represented Colt.

Colt's common stock closed at \$66.75 on Friday, July 18. On Sunday, July 20, Colt announced it would distribute more than \$1.5 billion to shareholders as part of a recapitalization plan. Colt stock soared \$27 a share on Monday, July 21, to close at \$93.875.

## Floating-Rate Notes

Feb. 17

Dollars

Issuer/Rate

Bank of America

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

Issuer/Rate

Bank of America

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

AT&T

Asia

Weekly net asset

value on

13-2-1987 US \$30.13

Listed on the

Amsterdam

Stock Exchange

Information:

Pierson, Gelding & Pierson NV.

Herenstraat 214,

1016 BS Amsterdam.

## ADVERTISEMENT

## SENIOR PROMOTION AT THAI INTERNATIONAL

Mr. Tongnoi Thongphua has been promoted to regional director - South East Asia of Thai Airways International, in charge of the airline's overall activities in Hong Kong, Manila, Jakarta, Singapore, Kuala Lumpur, Penang, Beijing and Bangkok-Sri Baganwan, Brunei.

Prior to his new position, Mr. Tongnoi was the area manager in Thai's Hong Kong office.

Mr. Tongnoi joined Thai in 1967 as assistant area manager and he was area manager in Singapore, London, Decca, Seoul and Amsterdam between 1975 and 1981.

All of



## BUSINESS ROUNDUP

Piedmont Gets 2 Offers,  
Picks Norfolk Southern

**The Associated Press**

WINSTON-SALEM, North Carolina — Piedmont Aviation Inc., parent of the fast-growing Piedmont Airlines, said Tuesday that it had received takeover offers from USAir Group Inc. and Norfolk Southern Corp. and that independent directors had recommended acceptance of the \$1.49 billion Norfolk Southern bid.

The offer by Norfolk Southern, one of the largest U.S. railroads, is for \$65 a share in cash. Piedmont's board is scheduled to meet Thursday.

The announcement came amid persistent rumors that Piedmont, one of the few remaining attractive takeover candidates in the deregulated U.S. airline industry, was a target for acquisition.

Norfolk Southern said three weeks ago that it might bid for Piedmont. It said then that it already held 19.44 percent of Piedmont's 23 million shares outstanding.

The two USAir proposals included a stock swap that USAir valued at \$71 a share, or a combination of \$34 in cash and an unspecified amount of USAir stock, Piedmont said. USAir, which oper-

ates primarily from its Pittsburgh hub, agreed to buy Pacific Southern Airlines in December for \$400 million.

Piedmont, based in Winston-Salem, has grown from a regional carrier into one of the most profitable American airlines. Its fleet of 119 planes serves more than 97 destinations, and last year its earnings rose 8.5 percent, to \$72.4 million, on a 22 percent gain in revenue, to \$1.87 billion.

The company has attributed its success largely to its strategy of concentrating on serving small and medium-size cities — such as Charlotte, North Carolina, and Dayton, Ohio — that larger carriers ignored in the first heady days of deregulation.

Norfolk Southern, based in Norfolk, Virginia, is one of the most extensive U.S. rail systems, with operations in 20 states in the East and Midwest as well as in the Canadian province of Ontario. It had profits last year of \$144.2 million, up 20 percent from 1985, and revenue of \$4.08 billion, up 6.5 percent from the year before.

In recent years, Norfolk Southern has been most widely known for its unsuccessful campaign to buy Consolidated Rail Corp. from the U.S. government.

Norfolk Southern had hoped the purchase would increase its competitiveness against CSX Corp., the other main East Coast rail freight company. But Congress opposed the \$1.5 billion sale, preferring a stock offering to the public.

## Nigerian Commodity Debts

**Reuters**

LAGOS — Nigeria's six commodity boards, which were abolished last month, owe the central bank 1 billion naira (\$258.27 million), official sources said Tuesday.

## COMPANY NOTES

**Abilati-Price Inc.**, the world's largest newspaper producer, said net earnings rose 7 percent in 1986 to the equivalent of \$77.3 million, or about \$1.05 a share, from \$72.1 million, or \$1.02 a share, a year earlier. Abilati-Price, 83 percent owned by Gulf Canada Corp., said earnings last year benefited by \$12.2 million because of new accounting procedures.

**Alcan Australia Ltd.**'s net earnings fell 34 percent to 10.63 million Australian dollars (\$7.03 million) in 1986 from 16.16 million in 1985, despite a 26 percent rise in sales to \$46.5 million dollars from \$35 million. The profit decline reflected a turnaround to a 6.92 million dollar tax provision from a 4,000 dollar credit in 1985, plus rises in interest and depreciation.

**Bond Corp. International Ltd.** has bought an office building in Hong Kong's Central business district from a subsidiary of Sino Land Ltd. for 1.9 billion Hong Kong dollars (\$243.5 million).

**Carrier China Ltd.**, a subsidiary of U.S.-based United Technologies Corp., has formed two joint ventures with Chinese manufacturers in Shanghai to produce air-conditioners and related products. The new companies will be known as Shanghai Tong Hui-Carrier

Printemps Seeks  
Site for Its First  
Manhattan Store

**New York Times Service**

NEW YORK — An Printemps, the largest French department-store chain, is studying four sites in Manhattan for its first New York store.

It would be the first entry of a major foreign department store in the city, despite the interest in U.S. expansion expressed by a number of prominent British retailers including Marks & Spencer, Debenhams and Harrods.

Printemps, with 1986 sales of about \$8 billion, is already further along in its plans for U.S. development. In August, it will open a 95,000-square-foot store (about 29,000 square meters) in Denver's Broadway Plaza.

The Denver store will have a translucent, fluted-glass canopy at each entrance leading to sheltered walkways framed with translucent glass and wrought iron. The architecture will be a blend of "Parisian elegance and a dash of Colorado's casual lifestyle," said Gerard Leroy, the company's executive vice president for international development.

Mr. Leroy said he hoped Printemps could open its New York store in a few years, although the plans will depend on the results in Denver. The company already has stores in Japan, Singapore, Malaysia, Saudi Arabia and Gabon.

**Air Conditioning Equipment Co.** and Shanghai Hezhong-Carrier Co.

**Cordis Corp.** of the United States has agreed to sell its pacemaker products operations to Teletronics Holdings Ltd. of Australia. Teletronics will pay an undisclosed amount and assume certain liabilities.

**Compaq Computer Corp.** has introduced the Compaq Portable III personal computer, which it says incorporates a microprocessor with the power of a high-performance desktop computer. Model 1, Model 20 and Model 40 of the new line have suggested prices of \$3,999, \$4,999 and \$5,799.

**Fermanta AB**, the Swedish biotechnology company, will launch two share issues expected to raise 160 million kronor (\$24.54 million). It said the issues will help solve short-term financial problems but gave no other details. Earlier this month it obtained 110 million kronor from creditor banks.

**Fuji Bank**, one of the major Japanese commercial banks, has established Fuji Leasing (Deutschland) GmbH in Düsseldorf, West Germany. It will offer services covering mainly industrial equipment and offices to Japanese enterprises expanding production in West Germany, particularly in electronics.

Dixons Bids  
\$384 Million  
For Cyclops

**The Associated Press**

PITTSBURGH — Dixons Group PLC, Britain's largest electrical equipment retailer, announced Tuesday that it had agreed to buy Cyclops Corp., an electrical retailer and specialty steelmaker based in Pittsburgh, for \$90.25 a share, or \$384 million in cash.

The agreement exceeds an \$80-a-share tender offer for Cyclops from a group led by Stuart A. Rose, chairman of Audio-Video Associates Inc. of Dayton, Ohio.

At least 80 percent of Cyclops's 4.2 million common shares outstanding must be offered for sale, and Dixons's shareholders must approve before the agreement can go through, Cyclops said.

Dixons, based in Edgware, England, will sell Cyclops's steel and nonresidential construction businesses to a subsidiary of Allegheny Corp. of New York, the British company said. The Cyclops name will be retained, and current management will continue running the company from Pittsburgh.

Dixons will retain Cyclops's specialty retailing businesses, which include 119 Silo electronics stores and 11 Busy Beaver home-improvement outlets.

The two chains will be the first American retailing operations for Dixons, which operates three retailing chains in Britain and also has financial services, real estate and film-processing divisions.

The announcement comes after widespread speculation that Dixons, Britain's largest electrical retailer, was planning to move into the North American market.

**The Carlyle Hotel**

Madison Avenue at 79th Street  
New York 10021  
Cable: The Carlyle New York  
International: 212-600-0000  
Telephone: 212-744-1600  
Toll Free 1-800-CARLYLES  
A member of The Sharp Group since 1987

## OIL: Despite Firmer Prices, U.S. Said to Face Almost Inevitable New Crisis

(Continued from Page 1)

thirds of consumption of noncommunist countries, much of it essential. In the United States, for example, 97 percent of transportation uses oil, for which there is no ready substitute.

Because of the current world surplus, reflected in lower prices, many people have lost sight of the fact that the oil market is not only very fragile, but it is also controlled by others," said Senator James A. McClure of Idaho, the ranking Republican on the Senate Energy Committee.

U.S. vulnerability in oil cannot be gauged simply by the percentage of imports. The source, price and other factors are also important. But it is agreed that heavy dependence on Middle Eastern supplies is highly risky.

While U.S. reliance on Gulf oil is far less than it was 15 years ago, the amount imported from the Gulf has climbed of late and Saudi Arabia is becoming an increasingly important supplier. In addition, under an International Energy Agency agreement, the United States is obliged to share oil with the other members of the organization in the event of an oil shortage.

"Overdependence on costly and insecure foreign sources of oil could well be the major national problem of the 1990s," said Charles J. DiBona, president of the American Petroleum Institute, a trade association.

"Few people comprehend that today's problems for the industry threaten the security and economic well-being of the whole nation tomorrow."

While the rise in consumption accelerates, it is the sharply falling level of U.S. production that most

distresses policy makers, industry officials and strategic analysts.

After rising slightly for four years in response to higher prices, output plummeted by 833,000 barrels a day, or about 9 percent, between February and December 1986, according to Energy Department data.

This decline, to 8.35 million barrels a day, brought the U.S. production rate down to the lowest since 1977, when import dependence reached its peak of 48 percent. Imports of crude oil and refined products currently account for about 38 percent of U.S. consumption, up from 31 percent a year ago. At the time of the Arab embargo, the level was 33 percent.

"In less than one year, manipulation of crude oil prices by the dominant Arab OPEC producing countries has offset all of the production gains realized between 1982 and 1985," said Raymond H. Heiner, chairman of the Independent Petroleum Association of America, a trade group representing thousands of medium-size and small operators that drill most new U.S. oil and gas wells.

This year, according to various projections, production will fall an additional 300,000 to 500,000 barrels, to about 17 percent below the

peak production of 9.6 million barrels a day reached in 1970.

Most analysts believe that \$18 oil is not enough even to arrest this drop, much less reverse it.

"I don't think it gets the job done," said G. Henry Schuler, an energy specialist at the Center for Strategic and International Studies here. "It's not enough to assure the activity we need in this country."

Moreover, he and other analysts maintain, the fact that oil collapsed to below \$10 a barrel in recent memory makes oil men and their bankers unwilling to assume that the current price will hold.

There are signs this week of cheating on OPEC quotas, and a major test will occur when the winter heating season ends in the next several weeks.

"The thing in the back of everybody's mind is that the \$18 price is attached to a high degree of risk," said Herbert W. Krupp, senior energy economist for Bankers Trust Co. "Once you've seen \$10 oil, you're scared."

Theodore R. Eck, chief economist for Amoco Corp., the fifth largest U.S. oil company, estimated that it would take an oil price "in the mid-\$20s" before there was a significant rise in exploration activity.

Another reason for concern, according to the chairman of fourth-ranked Chevron Corp., George M. Keller, is that, unlike in the 1970s, there are no major oil discoveries, such as at Alaska's Prudhoe Bay and in the North Sea, that await development.

And while the cost of drilling has fallen, the inclination is to drill in proven areas rather than to explore offshore and other frontiers where there is the best chance of finding sizable quantities.

Despite the dim prospects for maintaining even current levels of oil sufficiency, the Reagan administration believes there is relatively little the government can, or should, do about it.

Mr. Hodel and many others believe that the government was mainly responsible for the oil problems of the 1970s because of its controls on prices and its counterproductive efforts to allocate diminished supplies. "We caused the shortage," Mr. Hodel said.

A major review ordered by President Ronald Reagan of energy dependency and national security, which is to be unveiled next month, is expected to lay out the impact and costs of possible government interventions, such as imposing an import fee on foreign oil.



## McKinley Allsopp, Inc.

is pleased to announce  
the appointment of

**Jane Gilday**

as

**Managing Director**

and

**Director of Research**

McKinley Allsopp, Inc. offices in:

New York Boston San Jose London Paris

We Value  
Your  
Business.

- Acquisition Investment Analysis
  - Financial Impact Studies
  - Liquidations/Bankruptcies
  - Asset Appraisals
- Offices Worldwide.  
Call: Gordon Breed  
Senior Vice President  
United Kingdom  
(0) 272-217020  
Over 100 Years of  
Professional Excellence.

Arthur D. Little  
Valuation, Inc.

1987 good reasons to  
see Thailand this year

Majestic temples and magnificent elephants, glittering roofs and garlands of orchids, shining seas and shimmering silks, fascinating markets and fabulous silver, enchanting people and exotic cuisine...one could write a long book about the land they call Thailand (and many seasoned travellers have).

And never has there been a better year to see Thailand than 1987. For this is "Visit Thailand Year" in the Land of Smiles.

Among the kaleidoscope of festivities planned for 1987 you should try to catch some of these:

**Jan. 24-30. Don Chedi Memorial Fair** featuring historic and folk art exhibitions as well as traditional entertainment in Central Thailand.

**Feb. 13-15. Chiang Mai Flower Festival.** A million blooms, a thousand smiles. One of the unforgettable moments of your life.

**April 3-13. The Glory of Ayutthaya.** A spectacular son et lumiere, set in Ayutthaya,

once the capital of Siam.

**April 13. Songkran Festival - The Thai New Year.** A nationwide water festival where you'll see the most extraordinary rituals. Everything from "water-throwing" to the freeing of caged birds, from folk dancing to beauty parades.

**May 9-10. Bun Bang Fai Festival.** "Bang" indeed. Each May, in the northeast of Thailand, villagers fire giant 20-metre rockets into the sky to ensure the monsoons come (and they always do). A fireworks show like no other you've ever seen.

**July 10-11. Candle Festival.** In the north-east town of Ubol Ratchathani, beautifully embellished beehive candles, some 25cm in diameter and 2 metres high, are ceremoniously paraded through the streets before being presented to temples.

**Sept. 23-Oct. 1. Vegetarian Festival.** Fire-walking and vividly colourful parades in Phuket

celebrate the Vegetarian Festival of Thailand's Chinese descendants.

**Oct. 16. Royal Barge Procession.** An armada of brilliant colours, pageantry and rare splendour not to be missed.

**Nov. 5. Loy Krathong.** Celebrated nation-wide, this is Thailand's loveliest festival when, under the full moon, Thais from all walks of life honour water spirits and wash away the previous year's sins by floating away onto rivers and waterways small banana-leaf boats bearing a lighted candle, incense, a flower and a small coin.

The former capital of Sukhothai provides a particularly picturesque setting for this festival.

**Nov. 14-15. The Elephant Round-Up.** Ever seen 100 elephants enact a mediaeval War Parade? You will if you come to Surin in north-east Thailand for this extraordinary display of intelligence, strength and gentleness.

**Nov. 26-Dec. 4. River Kwai.** Come to a

thrilling son et lumiere spectacle set around the world-famous bridge.

**Nov. 22. Bangkok Marathon.** A major sporting event commemorating His Majesty the King's 60th Birthday Anniversary.

**Dec. 15. Light and Sound Presentation.** A glittering occasion not to be missed at the Royal Grand Palace and the Temple of the Emerald Buddha.

These are only a small selection of the truly stunning special events that mark 1987 as Visit Thailand Year - events that also include a Floral Float Contest in March and the Ploughing Ceremony on May 8 which marks the beginning of the official rice-planting season.

Make your holiday plans now. And make sure you fly on Thailand's own airline, Thai International.

Where the exotic sensations that are Thailand start from the moment you step on board.



**Tuesday's  
AMEX  
Closing**

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.  
*Via The Associated Press*

[illegible][illegible]

### AMEX Highs-Lows

[illegible]

**Now Morning Delivery  
for Most Readers**

**54%**  
Save up to **54%** or more  
off your newsstand price when you  
subscribe for 12 months to the  
**International Herald Tribune**

Country	Currency	12 months	6 months	3 months	Subscription	Newsstand	Your Savings	
		(+ 2 months FREE)	(+ 1 month FREE)	(+ 2 weeks FREE)	price per copy**	price per copy	per copy**	Total
Austria	A. Sch.	4,800	2,600	1,450	13.20	22	A. Sch. 9	A. Sch. 3,276
Belgium*	B.Fr.	10,700	5,800	3,200	29	50	B.Fr. 21	B.Fr. 7,644
Denmark	D.Kr.	2,300	1,250	690	6.30	10	D.Kr. 3.7	D.Kr. 1,347
Finland*	F.M.	1,630	880	490	4.50	8	F.M. 3.5	F.M. 1,274
France	F.F.	1,400	760	420	3.85	7	F.F. 3.15	F.F. 1,147
Germany*	D.M.	560	300	170	1.55	2.7	D.M. 1.15	D.M. 419
Gr. Britain	£	120	65	36	0.33	0.55	£ 0.22	£ 80
Greece	Dr.	20,000	11,000	6,000	55	100	Dr. 45	Dr. 16,380
Ireland	£Ir.	140	77	42	0.38	0.70	£Ir. 0.32	£Ir. 116
Italy	Lire	350,000	190,000	106,000	960	1,800	Lire 840	Lire 305,760
Luxembourg	L.Fr.	10,700	5,800	3,200	29	50	L.Fr. 21	L.Fr. 7,644
Netherlands	FFL	634	340	190	1.75	3	Fl 1.25	Fl 455
Norway*	N.Kr.	1,650	900	500	4.50	8	N.Kr. 3.50	N.Kr. 1,274
Portugal	Esc.	19,000	10,400	5,700	52	125	Esc. 73	Esc. 26,572
Spain*	Ptas.	26,500	14,600	8,000	73	135	Ptas. 62	Ptas. 22,568
Sweden*	S.Kr.	1,700	920	520	4.70	8	S.Kr. 3.30	S.Kr. 1,200
Switzerland	S.Fr.	490	270	148	1.35	2.50	S.Fr. 1.15	S.Fr. 418
Rest of Europe N. & French Africa, Middle East	\$	400	220	120	1.19	Varies by country	\$ 0.89	
Rest of Africa Gulf States, Asia	\$	550	300	165	1.64	Varies by country	\$ 1.51	

\* In these countries, hand delivery is available in major cities on publication date. For details and rates, please check here and fill in your address below: ☐

**\*\*Based on a one-year subscription.**

*Offer valid through March 31, 1987 for new subscribers only.*

**Herald Tribune.** To: Subscription Manager, International Herald Tribune, 181, Avenue Charles-de-Gaule, 92521 Neuilly Cedex, France. Tel.: (1)46 37 93 61 Tlx.: 612832 Please enter my subscription for:

☐ 12 months (+2 months free) ☐ 6 months (+1 month free) ☐ 3 months (+2 weeks free)

☐ My check is enclosed ☐ Please charge my credit card

☐ Access ☐ American Express ☒ Discover ☐ Diners ☐ Euro ☐ MasterCard ☐ Visa

Card	Express	DINERS CLUB	INTERNATIONAL	Gold Card	AMERICAN EXPRESS	Master Card
Card account number						
Card expiry date						

Card expiry date \_\_\_\_\_ Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

City/Country \_\_\_\_\_

Tel/Telex \_\_\_\_\_

ENTENNIA



100

\_\_\_\_\_

\_\_\_\_\_

1000

18-2-87

Internationally acknowledged  
to be the finest cigarette in the world

**dunhill**

London·Paris·New York

THE MOST DISTINGUISHED TOBACCO HOUSE IN THE WORLD

**You save more  
if you subscribe  
before April 1, 1987.  
Just fill out the  
coupon and mail it  
today to get  
more savings  
plus convenient  
delivery, 6 days  
per week.**

**Herald Tribune.** To: Subscription Manager, International Herald Tribune, 181, Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. Tel.: (1)46 37 93 61 Tlx.: 612832 Please enter my subscription for:

☐ 12 months (+2 months free) ☐ 6 months (+1 month free) ☐ 3 months (+2 weeks free)

☐ My check is enclosed ☐ Please charge my credit card

☐ Access ☐ American Express ☒ Discover ☐ Diners ☐ Euro ☐ MasterCard ☐ Visa

Card	Expans	DINERS CLUB	INTERNATIONAL	Card	CLUB	EUROCARD	Card	Master Card
Card account number								
Card expiry date								

Card expiry date \_\_\_\_\_ Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

City/Country \_\_\_\_\_

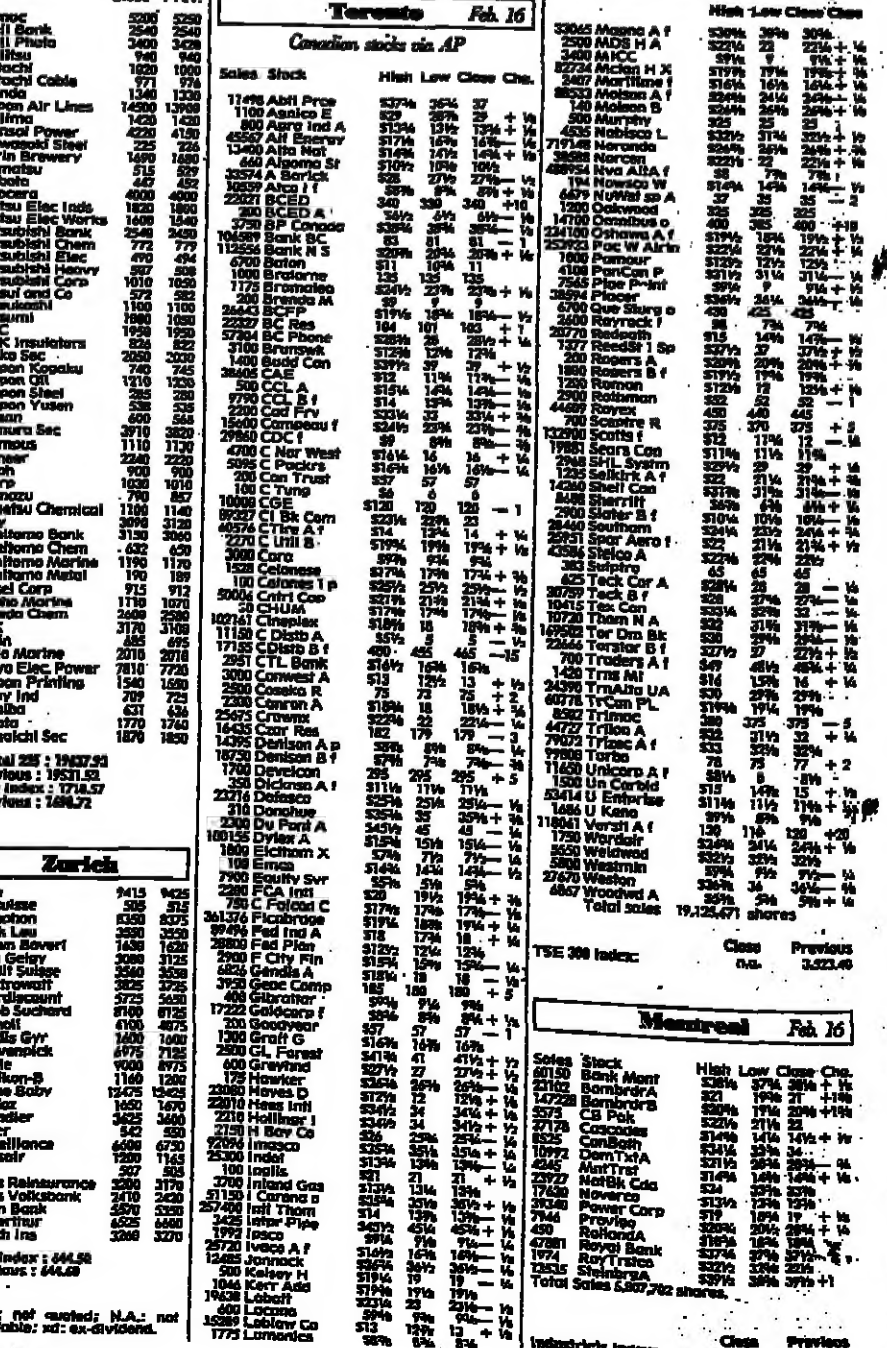
Tel/Telax \_\_\_\_\_

Year	Actual (%)	Projected (%)
1950	~7.5	~7.5
1960	~8.5	~8.5
1970	~9.5	~9.5
1980	~10.5	~10.5
1990	~11.5	~12.5
2000	~12.5	~14.5
2010	~13.5	~16.5
2020	~14.5	~18.5
2030	~15.5	~20.5
2040	~16.5	~22.5
2050	~17.5	~24.5















[illegible]